

STATE OF CALIFORNIA - THE RESOURCES AGENCY
 BEFORE THE
 CALIFORNIA ENERGY COMMISSION (CEC)

In the matter of,)
) Docket No. 11-RPS-01
Renewables Portfolio Standard)
Eligibility Guidebook) Docket No. 02-REN-1038
_____)

Staff Workshop

**Proposed Revisions to the
 Renewables Portfolio Standard
 Eligibility Guidebook**

California Energy Commission
 Hearing Room A
 1516 9th Street
 Sacramento, California

Thursday, March 14, 2013
 9:30 A.M.

Reported by:
 Barbara Little

APPEARANCES

CEC STAFF

Gina Barkalow, Renewable Energy Office

Mark Kootstra, Renewable Energy Office

Kate Zocchetti, Renewable Energy Office

Christina Crume

Gabe Herrera, Legal

James Hale

Also Present (* Via WebEx)

Public Comment

Andy Schwartz, Solar City

Mary Lynch, Exelon

Valerie J. Winn, PG&E

Jedediah J. Gibson, PacifiCorp/Bear Valley Electric

Anthony Andreoni, California Municipal Utilities
Association

Sergio Islas, Southern California Edison

Timothy Tutt, SMUD

Randy Howard, LADWP

Nick Goodman, Cyrg Energy

James Hendry, San Francisco PUC

*Bob Sullivan

*Don Liddell, California Energy Storage Alliance

*Oscar Herrera, California Power Authority

*Stacey Reineccius, Power Tree Services

APPEARANCES (CONT.)

Public Comment

*Marcie Milner, Shell Energy North America

*Varinder Singh, EDF Renewable Energy

*Dave Jackson, Redding Electric Utility

Bill Westerfield, SMUD

Susie Berlin, NCPA

Kourtney Nelson, Iberdrola Renewables

*Justin Pannu, Noble Americas Energy Solutions

Suzy Hong

*Valerie, from Glendale

*Yarek Lehr, Azusa Light and Water

Chuck White, Waste Management

Michael Boccadoro, The Dolphin Group

Gurcharan S. Bawa, City of Pasadena

Louis Brown, Kahn, Soares & Conway

David Cox, The Coalition for Renewable Natural Gas

Chad Adair, SMUD

*Rachel Gold, Large Cell Solar Association

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1 P R O C E E D I N G S

2 MARCH 14, 2013

9:30 A.M.

3 MS. ZOCCHETTI: Good morning, everyone. Welcome
4 to the Energy Commission. I'm Kate Zocchetti, the
5 Technical Director of the Renewables Portfolio Standard
6 here at the Energy Commission.

7 We collaboratively implement the RPS, as many of
8 you know, with the CPUC.

9 I'd like to welcome you to our staff workshop on
10 the 7th Edition of the RPS Eligibility Guidebook.

11 I really appreciate your participation today.
12 We have folks listening in on the phone and on webinar,
13 or WebEx.

14 And I just want to stress that while we
15 acknowledge that we're in the final year of the first
16 compliance year of California's 33 percent RPS, we
17 recognize expediency is in order to get the rules in
18 place, but we're also trying to balance having good
19 rules.

20 And I want to just really express my
21 appreciation for all of you in participating because
22 that's a critical part of having good rules. And so we
23 appreciate your patience as we develop and finalize
24 these rules.

25 Today's workshop is going to focus on the

1 Guidebook. And many of you are also interested in the
2 draft regulations for the publicly-owned electric
3 utilities, but I'd like to ask you to hold your thoughts
4 and comments on that proceeding until tomorrow's
5 workshop.

6 Hopefully, you all know that we are having a
7 workshop back to back. We hope that helps your travel
8 arrangements.

9 We have now entered the formal proceeding for
10 that and so we do need to have your comments in that
11 docket, under that proceeding.

12 Having said that, we recognize that there are
13 some overlapping issues that we're welcoming to bring
14 forward to us today, but please understand that if we
15 kind of punt that tomorrow, after we've heard your
16 question, or perhaps we can answer the question today,
17 but we know there are gray areas and we'll try to deal
18 with those as best we can.

19 I'd like to introduce the staff that's here
20 today. Right here is Mark Kootstra, who many of you
21 know and have talked to.

22 I'd like to congratulate Mark on the birth of
23 his son, only six days ago. And so we really appreciate
24 Mark coming back from his paternity leave to help us
25 with this workshop today. Thank you, Mark.

1 And next to Mark is Gina Barkalow and she heads
2 up the Verification Program, and she'll be speaking
3 shortly, after Mark and I are finished with our
4 presentations, and then Christina Crume, who works on
5 our certification, and Gabe Herrera, our legal counsel.

6 This is our kind of draft working agenda. As
7 most of you know that have attended our workshops, we
8 like to stay somewhat flexible. We don't know where the
9 interests lie and some issues may take a little bit
10 longer to go through and some might just speed on
11 through.

12 We've kind of planned for two breaks and the
13 latter being a lunch break. But if we get through
14 before lunch, everyone can go home.

15 But we plan to actually go through all of the
16 changes in the Guidebook at kind of a bird's eye view,
17 kind of in the order as they appear in the Guidebook,
18 with the exception of the implementation of Assembly
19 Bill 2196, for Biomethane.

20 Because that has kind of a select group of
21 stakeholders and we expect there to be a lot of interest
22 from those stakeholders on that topic we're going to go
23 into the details of that last. So, just so everyone
24 kind of knows that when we kind of touch on it, briefly,
25 the details will come later on that.

1 We'll kind of take some questions after major
2 sections are presented and then we'll have kind of a big
3 question period at the end.

4 Any questions on the agenda?

5 Okay, some housekeeping rules. We have handouts
6 at the desk. Please let us know if we run short, we can
7 print some more for you.

8 Restrooms are right outside the double doors and
9 to your left.

10 There's a snack bar up the big stairs, in the
11 center of the lobby.

12 If we do go over for lunch, there are several
13 restaurants about three blocks to the east. If there is
14 an emergency, please follow staff and we'll be going out
15 the main doors and to the park across the street, and
16 please wait there quietly until instructions to return
17 to the building.

18 As I said, we are on WebEx. And on WebEx you
19 can view our slides, raise your hand to answer a
20 question. We have staff here to respond to those
21 questions.

22 If you do it in the chat, you can ask right now,
23 or you can raise your hand during the question and
24 answer period.

25 You are muted on entry and we will unmute

1 everyone during the question and answer period.

2 On page 2 of the workshop notices are details.

3 If you're listening in and don't know how to get onto
4 the WebEx, please refer to the notice.

5 The blue cards are at the front desk when you
6 come in. If you have a question or you want to make a
7 comment, please put your name and your association on
8 the card and just briefly describe your comment.

9 We ask that when we call your name you come up
10 to the podium there.

11 We are being recorded on WebEx and also with the
12 court reporter, so she would appreciate it if you could
13 state your name before you speak and if you could drop
14 her a business card, for those of you in attendance,
15 that would be great.

16 Let's see, I think I already covered those
17 things.

18 If you do fill out a blue card, just kind of
19 give us the high sign and staff will come around and
20 collect those. I think we covered most of that.

21 So, the purpose of this workshop is to get your
22 input on staff's draft language that we put out to the
23 list server on Monday. We put that out in
24 underline/strikeout so you can see what is changed since
25 the current version 6, or Edition 6.

1 We plan to adopt a final version of the 7th
2 Edition at the end of April.

3 We have set an end to the comment period of
4 March 20th. We know that that's not very much time and
5 that there are a lot of changes to review. Please
6 understand that because we have such a tight schedule we
7 need your input relatively soon so that we can review
8 it, and consider it, and incorporate it as appropriate
9 and turn it around for adoption as soon as possible.
10 So, thank you for your cooperation on that.

11 So, I'd like to go into new legislation
12 affecting RPS eligibility. Assembly Bill 2196 is really
13 them major piece of legislation that has gone into
14 effect since our last guidebook. It establishes new RPS
15 eligibility requirements for facilities using
16 biomethane, and it has defined biomethane as landfill
17 gas or digester gas.

18 So, a facility using biomethane procured under a
19 contract, executed by a retail seller or a publicly-
20 owned electric utility, and reported to the Energy
21 Commission before March 29th, 2012, which is when,
22 coincidentally, our suspension on biomethane eligibility
23 was instituted, is eligible under the rules in place at
24 the time of the contract execution, assuming that there
25 is injection into a pipeline by April 1st, 2014.

1 The eligibility for criteria for biomethane
2 contracts has kind of three prongs; if it's used in an
3 on-site generating facility, if it's used in an off-site
4 generating facility using a dedicated pipeline, or if
5 it's delivered to the facility through what is now
6 called a common carrier pipeline.

7 If it falls under the third category it would be
8 physically flowing within California or toward the
9 generating facility. If it did not inject biomethane
10 into a common carrier pipeline before March 29th, 2012
11 or if it did, it began injecting sufficient quantities
12 after that time to satisfy the contract requirements.

13 And the biomethane capture and injection must
14 directly result in environmental benefit to California.

15 Also, for all biomethane projects, sufficient
16 renewable and environmental attributes must be
17 transferred to the generator.

18 No marketing, regulatory or retail claims can
19 be met unless those attributes -- I'm sorry, for the
20 reduction of greenhouse gas is due to methane
21 destruction, none of those claims can be made without
22 having transferred those appropriate attributes and also
23 retiring them on behalf of your customers.

24 The eligibility for these facilities will be
25 determined by the Energy Commission. And the Energy

1 Commission and the CPUC will determine the appropriate
2 RPS procurement requirements for these projects.

3 So, that's just a brief overview of the
4 legislation. As I said, after lunch or at the end of
5 this presentation, whichever happens later, I guess,
6 we'll cover the details of how the Energy Commission is
7 implementing 2196.

8 So, now, if Mark would like to come up and we'll
9 go over the proposed changes to the eligibility rules.
10 Thanks Mark.

11 MR. KOOTSTRA: Hi everyone. Hopefully, you've
12 all had a chance to take a look at the Guidebook and
13 you've noticed that there have been a lot of changes in
14 moving different sections around. We'll go through a
15 chunk of that, but not a lot of the moves that have
16 happened. Most of the moves have happened, really, to
17 increase readability and ease of finding different items
18 in the Guidebook.

19 We're trying to make it all simpler for first-
20 time participants, especially, as well as people who
21 have been using the Guidebook for a long time, but maybe
22 not have needed the whole Guidebook. So, hopefully,
23 you'll be able to find the sections you need a bit
24 quicker.

25 As you can see with some of the reviews, or

1 changes to the section, we've added, "What's New", which
2 just kind of lists the changes that have happened in the
3 Guidebook since the last version. Hopefully, this will
4 make things easier for people when they're looking at
5 it. After the whole Guidebook process is done, you'll
6 still be able to know what's different and what's
7 changed, what you need to look at.

8 The Eligibility Requirement Section has been
9 broken up into two sections now. One on facility
10 resources, the Facility Resource Eligibility
11 Requirements, and these are just the requirements that
12 are placed on specific energy resources. For the most
13 part they're very simple.

14 As you well know, with biomethane that's going
15 to be more complex. Hydro's a bit more complex. And
16 municipal solid waste is a bit more complex. Most of
17 that has to do with the law and reasons why they're more
18 complex, but we try to give a brief overview of most of
19 that information.

20 The second section that came out of that is the
21 Facility Requirement Section, and this section has to do
22 with the operations of the facility. So, different
23 sections, such as Multi-Fuel, are in that area.

24 We have some information on the need to use
25 WREGIS, as well as other historic things, such as if

1 your first point of interconnection is to a non-
2 California balancing authority, that type of information
3 is there as well, now.

4 The Certification Section has had some minor
5 changes and additions. Really, this just explains what
6 certifications we offer, as well as the process for
7 getting certified and what you need to do to make that
8 process easier.

9 The Tracking Systems, Reporting and Verification
10 Gina's going to go over. It's also been broken off into
11 a couple more sections to make finding different things
12 a little easier and to make sure that some of the
13 requirements that don't apply to everybody aren't mixed
14 in with the requirements that do apply to everyone to
15 prevent some confusion.

16 The new section of Administration and Glossary
17 of Terms is information that we've pulled from the
18 overall Program Guidebook. We're moving forward with
19 merging the important information from that document for
20 the RPS into the same RPS Guidebook, so we'll no longer
21 need to reference a separate guidebook and we won't need
22 to adopt multiple guidebooks each time we adopt one.

23 So, the Outstanding Issues Section, we were able
24 to move most everything out of this section. The
25 storage has its own section, now, where we describe what

1 storage situations are eligible for the RPS and how that
2 will work, and that's in the Facility Characteristics
3 Sections.

4 Facilities previously eligible under the
5 existing program, we've addressed how we're going to
6 treat them going forward with fossil fuel, and the
7 fossil fuel allowances, what fossil fuel can count as
8 eligible and in what cases, as well as implementation of
9 the 33 percent by 2020. We've tried to incorporate that
10 throughout the Guidebook and that's also done in
11 conjunction with the regs.

12 So, the changes for the sections that you'll see
13 in the Resource Eligibility is we eliminated the Biogas
14 Section. If you look down a couple of bullet points,
15 it's now biomethane. It's been moved around a bit, so
16 it was simpler just to eliminate that.

17 We're trying to keep things in alphabetical
18 order. Again, so it's easier to find without having to
19 search.

20 The Biomass Section has largely the same
21 information. I don't believe there were any meaningful
22 changes to that section. We did pull information from
23 what was the definition of biomass in the overall
24 Program Guidebook into the RPS Guidebook, so that that's
25 a lot clearer and it also allowed us to simplify that

1 definition of biomass in the definitions portion so
2 you're not flipping between the two to be sure you have
3 everything you need.

4 For biomethane, as discussed earlier, we'll talk
5 about that a little bit, possibly after lunch, but after
6 we've discussed the rest of the Guidebook.

7 The Hydroelectric Section, there were some minor
8 changes in here, mostly eliminating duplicate
9 information or information that's now in another
10 section.

11 The significant change that you'll see here now
12 is that existing hydroelectric units that are operated
13 as part of a water supply and conveyance system, their
14 eligibility date now, instead of going only back to
15 December 10th, 2010, the adoption date of SB 1X2, it now
16 goes back to January 1st, 2011 if you applied by -- I
17 believe it's 90 days after the adoption of this
18 Guidebook.

19 Still, you need to demonstrate that you meet all
20 the requirements. But if you get an application into
21 us, we can work with some of that within reason.

22 The pump storage, Hydroelectric has been removed
23 from this section entirely. That's also contained in
24 the Energy Storage Section that's in the facility
25 characteristics area of the Guidebook, but it does point

1 back to the Hydroelectric Section.

2 So, if you're using pumped storage
3 hydroelectric, you still need to meet the hydroelectric
4 requirements. That hasn't changed.

5 We added several new sections to this here so we
6 could actually list out all of the eligible resources
7 and give brief information. These are the lists of new
8 additions that we've added. These sections are very
9 small, very minor, most of them everybody should really
10 know what's going on. It's a brief description of the
11 technology. And if we have any special requirements for
12 when you apply or kind of special requests, and those
13 are primarily for the ocean thermal, ocean wave, and
14 tidal current.

15 Because we have not actually seen any of these
16 applications coming through, we're looking to get a
17 brief description of the technology to be sure that your
18 interpretation of what tidal current is matches with our
19 definition and we know what's going on so that there are
20 no surprises.

21 Generally, we like to eliminate as many
22 surprises as we can down the road. It benefits you. It
23 benefits us. It prevents us from giving you a
24 certification and the need for a pre-certification. And
25 it just makes life easier for us, as well.

1 We added a new table that summarizes the
2 facility characteristics that are required there.

3 This came out of Table 1 a bit, which was also
4 significantly revised. It gives you some information
5 what additional information needs to be provided when
6 applying for certification and any additional forms that
7 need to be done, which is discussed a bit more in the
8 next section of the Guidebook.

9 The Generation Tracking and Accounting Section
10 is the only real new section in this area. This
11 basically tells you that WREGIS has required it. It
12 centralizes that requirement so that it's easy to find.

13 And it also states or clarifies that generation
14 must meet the station service load -- or used to meet
15 station service load is not eligible for California's
16 RPS. It briefly goes into that and we're aligning with
17 the WREGIS's definition at this time and their
18 interpretation, and we're allowing that to be the
19 implementation at the moment, though we do reserve the
20 right to make changes if their definition changes.

21 Facilities using multiple resources, we made the
22 changes for biomass and solar thermal that are
23 participating in -- or that were participating in the
24 existing renewables account.

25 For biomass facilities, they're allowed to

1 retain the 5 percent de minimis until the end of their
2 contract or the end of 2013, whichever is later. This,
3 hopefully, will prevent any surprises for this first
4 hopefully -- or first period for compliance.

5 But again, after 2013 ends or the end of the
6 current contract that was in place at the time, the
7 existing renewables account closed, they will be subject
8 to the standard de minimis requirement, which is 2
9 percent, unless you can show evidence that the facility
10 meets special requirements that are spelled out in the
11 Guidebook and the law, and that will allow you to bump
12 up to 5 percent.

13 Solar Thermal Facilities, previously in the
14 Existing Renewables Facilities program, may continue to
15 use 25 percent of the nonrenewable fuel and count it as
16 100 percent eligible, so they're not seeing any
17 significant change.

18 And we also clarified what we'll need from
19 applicants at the end of the year when they want to
20 determine whether or not some of their fuel meets the de
21 minimis requirements and count it as eligible.

22 Really, this is making sure that it's presented
23 to us in a clear and concise manner. The clearer it is
24 for us the faster we can do our review, the faster you
25 can get your answer as to whether or not that fuel will

1 be considered eligible, and what amounts will be
2 considered eligible, and that will make things easier in
3 the verification process.

4 Just as a reminder to everyone out there, the
5 first reporting requirement for multi-fuel facilities to
6 count any nonrenewable fuel as California RPS eligible
7 is March 31st. So, you'll want to get that information
8 to us as soon as you can. That way we can review it and
9 we can mark WREGIS certificates as eligible, if that's
10 still an option, though it's not required to count them
11 as California RPS eligible. And that will allow us to
12 give you a response before you start retiring them for
13 the verification process.

14 Facilities with their 1st Point of
15 Interconnection to non-California Balancing Authority
16 Outside of California or Located Outside the US, we made
17 some changes here.

18 One of those significant changes is pulling out
19 the Incremental Generation Section that was spelled out
20 there. It now has its own subsection, which you can see
21 below.

22 Another big change -- or not change, sorry, it's
23 a clarification to align with law that facilities
24 using -- serving multi-jurisdictional utilities are
25 subject to the eligibility requirements of that section.

1 So, they do need to submit LORS information now going
2 forward. That's a clarification.

3 We also removed the Socioeconomics and Worker
4 Safety part of the LORS requirement, so that should give
5 a minor speed up to filling out that LORS information.
6 Though, for the most part, people have been filling that
7 out quite well.

8 Unbundled Renewable Energy Credits, that section
9 has been removed from the Guidebook. The information
10 that's still important there has been moved to other
11 sections, primarily the Verification Section because
12 that's where you'll be retiring it, and in some cases
13 being checked for compliance.

14 The Incremental Generation Section, it's a new
15 sub-section. It spells out how we're going to account
16 for incremental generation more clearly.

17 In the past we've had basic information but it
18 hasn't fit all of our needs. We found that out when
19 certifying a few plants for incremental generation.

20 We now require applicants to establish an
21 historic baseline, as well as a renewable baseline, in
22 the event that it's a multi-fuel facility.

23 If a facility's using a single fuel, then those
24 two baselines are equivalent and we apply that on a
25 monthly basis to make it easier and align with WREGIS.

1 The Energy Storage Section is new. In the past
2 we haven't really allowed energy storage unless it's
3 been directly integrated into the energy -- into the
4 facility and the generation process.

5 And those types of energy storage are still,
6 obviously, allowed. This would generally include such
7 things as molten salt at solar thermal facilities, or
8 any other thermal storage before the generation actually
9 occurs.

10 And it can also include such things as batteries
11 that are incorporated into the generation process and
12 that are only able to receive power from the renewable
13 resource and not from the grid.

14 Storage devices that are not integrated and are
15 actually -- they're located at the same site, they're
16 generally owned by the same folks, and they're operated
17 as part of the same facility could still be eligible,
18 but if they're going to be charging, or possible to
19 charge from the grid, or create a stored potential from
20 nonrenewable fuels, they'll have to meet some specific
21 requirements.

22 And a lot of that has to do with metering and
23 being sure that we're dividing out what's renewable and
24 what's not appropriately, and that will generally be in
25 alignment with the Multi-Fuel Section.

1 So, if you're putting grid power into a battery,
2 as well as solar PV power into the battery, generally
3 what goes in is the same percentage that comes out.

4 And we're still -- we haven't had any of these,
5 yet, actually come through so this may receive some
6 changes in the long run, but I think we're pretty happy
7 with what we've got here for the most part.

8 So, Utility-Certified Facilities -- sorry, I've
9 moved on to the Certification Section.

10 We've made some changes to the different
11 facility certifications types. The big one that will
12 impact mostly the utilities is that utility-certified
13 facilities, these are facilities that have an RPS ID
14 number with an "E" suffix. We originally gave them an
15 extension if their certification -- sorry, if their
16 contract was renegotiated or terminated prior to October
17 1st, 2012.

18 We've initially said, hey, if you apply before
19 October 1st, 2012 we won't have a gap in your
20 certification.

21 We are now extending that timeline to the
22 adoption date of this Guidebook. So, if you've got a
23 facility in this situation, get an application in now.
24 If we don't have one by the time the Guidebook's
25 adopted, it won't have met this requirement.

1 In addition to that, we are setting a deadline
2 for the end of the year, December 31st, 2013, for all
3 utility-certified facilities to apply for certification
4 on their own behalf, and that could include a utility
5 applying for the facility on its own behalf as an
6 applicant or representative of that facility.

7 This is to prevent some of the same issues that
8 have developed, namely contracts having expired and the
9 utilities not being able to count some of that
10 generation, as well as the facilities not being able to
11 get payment for the renewables, renewable attributes
12 that they need in order to operate and function well.

13 Let us know if you have questions on that if
14 you're not sure if you need to apply. Chances are you
15 do, but please ask, we'd rather be safe than sorry.

16 We've also added a few new certification types.
17 One is an historic carryover for POU's and this is mainly
18 the ability to count generation that occurred before
19 January 1st, 2011, and a way to certify them under the
20 existing guidebooks. It wouldn't be a full
21 certification unless they made the current guidebooks
22 and that will be talked about more in the POU Regs
23 Program tomorrow.

24 We also did add some more information on the
25 certification process. The RPS eligibility date, most

1 all of this information has been in the Guidebook
2 before. We did add some clarifying language here and
3 gave you some more groundwork so you know when that
4 eligibility date will change, or if it will change.
5 It's just a lot more centralized, now.

6 General rule of thumb, if you apply for
7 certification or pre-certification we date stamp that
8 application and any generation from that date forward,
9 so long as we aren't denying any applications, are going
10 to be considered RPS eligible once the plant is
11 certified.

12 Special cases that prevent this is if the
13 certification is not received by the Energy Commission
14 within 90 days of coming online. If that's the case,
15 then you don't get the benefits at the pre-certification
16 eligibility date.

17 The same with if there are substantial operation
18 changes from the pre-certification to the certification.
19 If your plant goes from a solar PV facility to a biomass
20 facility, you're going to want to amend that pre-
21 certification and you're not going to be able to keep
22 the same eligibility date. That's generally a new
23 facility, even if most everything else is the same.

24 If the facility's moving from one aggregated
25 unit to another this doesn't change the eligibility date

1 for the aggregated unit as a whole, it just changes the
2 eligibility date for that facility within the aggregated
3 unit and that's to prevent their being issues of someone
4 trying to claim generation for a specific aggregated --
5 or unit with that aggregated unit that's been claimed in
6 another location.

7 And also, failure to submit an amended
8 certification within 90 days of the operational change
9 or if we deny any of the applications -- if any of the
10 applications are denied, you'll need to reapply, again,
11 and you get a new eligibility date with the next
12 application.

13 And if, for any reason, a facility loses its
14 eligibility date, but the facility was previously
15 certified, some of that generation occurring out of the
16 original certification can retain its eligibility and be
17 counted in special circumstances, mainly, if it's a
18 failure to apply for an amended certification, that type
19 of approach.

20 If we find out that you certified as a biomass
21 plant and you're actually a fossil fuel plant, we're not
22 going to count any of that generation as eligible. I'm
23 sure you're all comfortable with that. But there is a
24 balance of figuring out when it's still eligible and
25 that will generally be indicated in the letter that

1 denies that application of that facility. We'll give
2 information on that.

3 So, there are some special cases for retroactive
4 eligibility that gives you the ability -- someone the
5 ability to count RECS from a facility before the
6 eligibility date.

7 And that's surplus generation under AB 920. Any
8 generation procured by a utility under AB 920 that's net
9 surplus can be counted regardless of when that
10 eligibility date was, but any generation beyond that net
11 surplus cannot unless it's after the eligibility date.

12 And I just want to state real quick that the
13 eligibility date is a specific day, but we treat it by
14 month in alignment with WREGIS to make life simpler for
15 everyone.

16 The existing 40-megawatt hydroelectric units,
17 which we discussed earlier, can be counted all the way
18 back to January 1st, 2011 if they apply for
19 certification within 90 days of the adoption of this
20 Guidebook.

21 If you've already applied, you've met that 90-
22 day timeframe, unless it's been otherwise sent back to
23 you.

24 The last special case is facilities serving
25 POU's. If they weren't certified at the time of

1 generation and they were under contract before June 1st,
2 2010, as long as you're able to get the certification in
3 before -- had got the certification in before October
4 1st, 2012, we can count it back all the way to January
5 1st, 2011.

6 But that is only true for the POU procuring from
7 that resource. If the facility is assigned to both a
8 POU, and the utility, and the retail seller, the retail
9 seller wouldn't be able to make the claims that the POU
10 is.

11 We've also added a section on how to check for
12 the RPS eligibility status of facilities. We have been
13 posting, generally on a monthly basis, updates to the
14 status of a facility, but those statuses have been very
15 limited, generally constrained to receive corrections
16 sent pending an approved or disapproved.

17 We've added a few new statuses and I strongly
18 recommend you read the Guidebook to know what those
19 statuses mean. We have an explanation for them there.
20 And we will do our best to be updated them on a regular
21 basis.

22 We're currently in the process of transitioning
23 from one database to the next, so regular updates may
24 not happen in the short term just because we have data
25 in both sets and we haven't got the system set up, yet,

1 to make those updates, but that should be coming soon.

2 I'd like to make note that we included an
3 incomplete status, so if an application comes to us and
4 it's deemed incomplete, we're able to send it back as
5 marked incomplete. This doesn't void your eligibility
6 date. And, previously, the application moved to
7 disapprove and that would void the eligibility date for
8 that facility. Now, it no longer does that, but you
9 still are not certified, you still would need to apply
10 for certification again to remove the incomplete.

11 And suspended; suspended is similar to the
12 incomplete, where no generation from that facility can
13 be counted as RPS eligible until the issue resulting in
14 the suspension -- or that results in a suspension is
15 resolved. But once it's resolved, the eligibility date
16 remains intact and generation that was produced during
17 that suspension can still be considered eligible.

18 We also added withdraw and decommissioned. So,
19 if you're plant goes offline and it doesn't look like
20 it's been denied, or you choose to withdraw it for
21 whatever reason, especially for pre-certifications it
22 doesn't look like we said it's not eligible. It looks
23 like what it is that it was withdrawn and either not
24 pursued or the plant's no longer operational.

25 At this time we're going to move to a short

1 break and I don't know if we have a time specified.

2 MS. ZOCCHETTI: Well, I was thinking -- I wasn't
3 quite sure -- I think, actually, now we should just take
4 questions on everything that Mark has presented and then
5 if we want to take a break we can. We can just decide
6 afterwards.

7 But I'm assuming folks have questions on what
8 we've covered thus far. We'd like to entertain
9 questions, first, from participants in the room. Either
10 just raise your hand, or wave your arm or -- okay, we'll
11 come around and grab your blue card and then call folks
12 up. You want to give it to Mark. Thanks.

13 So, folks on WebEx or on the phone kind of hang
14 on and we'll get to you after the folks in the room have
15 had their opportunity to ask their question. Thank you.

16 MR. KOOTSTRA: Our first question's from Andy
17 Schwartz of SolarCity. Unless he's on the line, in
18 which we're going to hold -- oh, you are here. Thank
19 you.

20 MR. SCHWARTZ: I'm here. Thank you. So, this
21 is more a general statement and comment that, hopefully,
22 can provide some fodder for further discussion.

23 You know, first, I want to express our
24 appreciation for the CEC's recognition and this latest
25 update to the Guidebook of the increasing relevancy of

1 storage in the context of renewable energy, deployment,
2 and integration.

3 Our view, consistent with you, I think that's
4 held by many, is that storage represents a critically
5 important and strategic asset, particularly in the
6 context of California's increasingly dynamic energy
7 system.

8 As reflected by the traction that we are getting
9 in the marketplace just deploying small scale, beyond-
10 the-meter storage systems, customers are also
11 recognizing the significant value of storage.

12 To date, the majority of these systems are being
13 co-located with residential solar energy systems and
14 will allow customers for reduced peak load and
15 greenhouse gas emissions manage their energy costs, and
16 provide a valuable source of backup power.

17 Our primary interest, today, with regard to
18 revisions in the Guidebook, relate to the question of
19 whether storage, when paired with customer-side
20 renewable distributed generation is considered an
21 addition or an enhancement to that system.

22 Under Public Resources Code Section 25741, as I
23 think you know, the CEC is charged with defining a
24 renewable electrical generation facility.

25 The statutory language includes within the ambit

1 of that definition "additions or enhancements."

2 As currently drafted, the revised Guidebook
3 provides some support for the notion that storage
4 systems could constitute an addition or an enhancement
5 to the renewable generating facility.

6 However, more explicit language regarding this,
7 including clear rules that spell out the conditions that
8 would be required in order for more of a categorical
9 determination be made would be extremely helpful to the
10 industry.

11 In requiring or in requesting of this
12 clarification we're really mindful of the need to
13 promulgate regulations that safeguard the integrity of
14 the State's renewable energy programs and the accuracy
15 of renewable energy accounting.

16 At the same time these regulations need to be
17 developed in a way that doesn't create undue burden or
18 create unnecessary barriers to deployment of
19 technologies, like storage, that in our view have an
20 important role to play in facilitating the integration
21 of renewable resources in addition to providing services
22 like peak load shaving, participating demand response
23 programs and, you know, we hope in the near future
24 providing ancillary services into the grid and to the
25 ISO.

1 I would note that in making determinations
2 regarding whether or not a facility is an addition or an
3 enhancement to a distributed generation facility is a
4 separate question from how do you account for or track
5 the RPS-eligible energy that's coming from a facility
6 that's so designated.

7 So, again, as we said, we wholeheartedly support
8 the principle embodied in the draft language to ensure
9 that facilities, inclusive of storage, only generate
10 RECS commensurate with the amount of actual renewable
11 generation that has been produced.

12 With regard to RPS measurement issues and
13 associated metering, we do have some concerns regarding
14 the cost that some of the proposed requirements may
15 have. Certainly, we appreciate staff's recognition of
16 this issue as it relates to smaller scale systems, but
17 we believe the requirements for nonresidential systems
18 will be cost-prohibitive and, in fact, impose additional
19 requirements beyond those that are already required by
20 the utilities.

21 I don't have any specific suggestions today.
22 We'll reserve our discussions on sort of more technical
23 matters, like metering, alternative metering
24 arrangements to our comments. Thank you.

25 MR. KOOTSTRA: Thank you.

1 Our next comment is from Mary Lunch.

2 MS. ZOCCHETTI: And I'll just take -- while
3 Mary's coming up, Andy, thank you for your comments. I
4 just want to point out that we have a slide at the
5 conclusion of the main Guidebook stuff, with a few
6 questions regarding storage and almost verbatim some of
7 the words that you used. So, make note of that and
8 respond to those questions, as well. Thank you.

9 MS. LYNCH: Actually, I just had a very quick
10 question. Is there a list of the utility-certified
11 facilities?

12 MR. KOOTSTRA: There's not actually an explicit
13 list of just those, but we do have a list that contains
14 all utility-certified facilities. It's actually at the
15 link that's on the screen right now. That's going to
16 list the status of all of the facilities that are
17 currently in our old system, and the utility-certified
18 facilities are all in our old system.

19 MS. LYNCH: Okay.

20 MR. KOOTSTRA: And you can sort that for
21 utility-certified. It will either explicitly say the
22 certification type as utility cert or it will have an
23 "E" suffix. If it's got a mix of those things, it could
24 be a data entry error and I strongly recommend you
25 contact us to confirm.

1 MS. LYNCH: Okay, thank you.

2 MR. KOOTSTRA: You're welcome.

3 MS. ZOCCHETTI: Thank you for that question,
4 Mary. I'd like to just -- for those of you who don't
5 really know what we're talking about regarding utility-
6 certified, when the RPS program was first being
7 established, about a decade ago, we allowed the -- we
8 had an agreement with the utilities that they could kind
9 of mass apply for certification for facilities with
10 which they were having a contract, or that they owned,
11 as a way to kind of expedite getting them -- getting the
12 program up and running, with the understanding that it
13 would only be -- only the generation under those
14 contracts would be eligible for the RPS and that when
15 those contracts were terminated, the facilities would
16 come forward and apply on their own behalf, and we'd
17 have the opportunity to get more information regarding
18 the facility and its operations.

19 But we kind of lost track of those, we didn't
20 really -- we were starting to learn that contracts were
21 being terminated, but the facilities weren't coming
22 forward. And so, that's kind of where we are today and
23 realizing kind of the conundrum that it caused by
24 allowing that to happen, but not keeping track of the
25 contract expiration dates it kind of got out of our

1 control. And we didn't want generation to go uncounted
2 towards the RPS, and folks were unaware, and there was
3 no real direct contact between the Energy Commission and
4 those facilities.

5 So, that's the reason that we're kind of putting
6 the kibosh on that and asking all of those facility
7 operators or the utilities, if they're owned by the
8 utilities, to just come forward and get every facility
9 certified on its own behalf by the end of the year so
10 that we don't have these problems.

11 A lot of you have been concerned about losing
12 generation, that there would be a gap between when the
13 contract terminated or was renegotiated, and what does
14 it mean to renegotiate, and it kind of created a lot of
15 unintended consequences.

16 So, thank you for your cooperation. We've been
17 working with the utilities on this and we hope that you
18 take advantage of this extended opportunity to get those
19 facilities certified.

20 And if you'd like, you can have the facility
21 operators contact us and we'd be happy to help them with
22 their application process. Thanks.

23 MR. KOOTSTRA: Our next commenter is Valerie
24 Winn from PG&E.

25 And, Valerie, could you just state your name and

1 company for the record? Thanks.

2 MS. WINN: Good morning, Valerie Winn with
3 Pacific Gas & Electric Company.

4 I, like Mr. Schwartz, wanted to thank the staff
5 for their work in getting this updated Guidebook out.
6 Since we received it earlier this week there's been a
7 lot of effort to go through and to, you know, really
8 understand the changes.

9 And I appreciate the time pressure that the
10 Commission is under, but we're really feeling a bit
11 challenged to really, with the magnitude of the changes,
12 to be able to go through and to appropriately comment
13 and identify issues with the limited time that we're
14 being allowed.

15 So, we would really like to request at least
16 another week so that we can make sure that there is --
17 you know, that we're able to identify all of the issues.

18 Because otherwise, if there are inadvertent, you
19 know, errors when the Guidebook gets adopted, then we
20 have another whole cycle that we need to wait until we
21 can get the changes that are needed.

22 With the slides that have been presented so far,
23 our primary concerns are really on slide 20, on the
24 utility certification page that Kate was just talking
25 about.

1 And, you know, that's just fundamentally a
2 challenge for us because we don't have -- at this point,
3 we have no contractual rights to be able to make a QF,
4 which are primarily these contracts you're talking
5 about, we have no contractual rights to be able to get
6 them to come to the CEC and to register.

7 These are contracts that existed prior to the
8 start of the RPS program and, you know, there are
9 special provisions for them, and that just creates a lot
10 of challenges.

11 And we'd like for those to be able to remain
12 utility-certified projects through the end of their
13 existing contracts, and then we have been working with
14 people, once they move to a new contract, to have them
15 certify the facility, themselves.

16 But right now we have no mechanism to get them
17 to actually certify their own facility. So, we will be
18 suggesting changes, some updates in that area.

19 But without contractual provisions, we're really
20 not able to fix the problem that you're trying to solve.

21 MS. ZOCCHETTI: Okay, thank you.

22 MR. HERRERA: Valerie, this is Gabe Herrera. A
23 quick question; is PG&E and the other utilities,
24 perhaps, are they in a position to provide the Energy
25 Commission with the information it needs to verify a

1 utility? Fossil fuel use, for example, generation,
2 registration with WREGIS, those kind of things?

3 MS. WINN: Well, I think it's part of, you know,
4 when we certify these facilities that we do have some
5 information and are able to provide the information
6 that's necessary for the CEC to say, yes, they produced
7 this energy and used a certain fuel type.

8 But they were also -- my recollection was the
9 PRPA contracts that existed prior to the start of RPS,
10 they weren't really, you know, required to do certain
11 things. And that's -- you know, I appreciate the timing
12 challenges and we're about ten years into the program
13 now, but these are, you know, 20-, 30-year contracts in
14 place so --

15 MR. HERRERA: And I guess from the Energy
16 Commission's position I completely understand that our
17 hook is with the entity that applies for certification.
18 So, if it's PG&E that applies on behalf of a facility or
19 facility operator, then we would expect the utility,
20 you, PG&E, to be in a position to provide that
21 information since we really don't have a relationship
22 directly with the generator, themselves.

23 MS. WINN: Right, and our relationship with the
24 generator, though, is bound by the contractual terms.
25 And until that contract is changed or there's some sort

1 of an opportunity to reopen, then we're not able to
2 force them to do particular things that aren't addressed
3 in the contract. Okay, thank you.

4 MS. ZOCCHETTI: So, Valerie, I'm sorry, I just
5 have a couple more questions.

6 The magnitude of -- can you give me -- I know
7 we've talked with PG&E before, but just can you remind
8 me the magnitude of kind of how many facilities and what
9 the technologies are?

10 MS. WINN: Well, my recollection is there are
11 about 150 facilities. And in our QF portfolio I would
12 expect that they're primarily wind and biomass
13 facilities. And, you know, many of these contracts will
14 be expiring between now and 2020 at which point, you
15 know, as they start to roll off we will, you know,
16 likely enter into new contracts and be able to address
17 your concerns.

18 MS. ZOCCHETTI: That was my second question is
19 when are these expiring.

20 Would you -- if we were to entertain extending
21 for just the QFs, for example, we'd probably need those
22 contract expiration dates so that we can get a better
23 handle on it, so it doesn't happen again what happened
24 last year, would you be willing to provide those?

25 MS. WINN: I believe we would be able to provide

1 those dates, yes.

2 MS. ZOCCHETTI: All right, thank you.

3 MS. WINN: Okay, thank you.

4 MR. KOOTSTRA: Our next commenter is Jed Gibson.

5 MR. GIBSON: Good morning. Thank you for
6 issuing the new Guidebook. I had a few general
7 questions to start --

8 MR. KOOTSTRA: Jed, can you state your name and
9 company you're with?

10 MR. GIBSON: Oh, I'm sorry.

11 MR. KOOTSTRA: Thank you.

12 MR. GIBSON: This is Jed Gibson on behalf of
13 PacifiCorp and Bear Valley Electric.

14 I just wanted to run through a few issues. I'm
15 working out of the redline version of the Guidebook, so
16 I won't be referencing the slides, but these are the
17 topics that we've gone over so far.

18 First, in the Outstanding Issues section of the
19 Guidebook, I noticed that you retained the section on
20 Pre-Certification.

21 I just wanted to stress that we still think it's
22 very important that you allow a pre-Certification
23 option. In many cases it's necessary for project
24 financing. And, in addition, there can be some timing
25 issues that arise without pre-certification in terms of

1 eligibility of some of the generation.

2 For example, in order to apply for
3 certification, the facility would need to be in WREGIS,
4 but that can't happen until commercial operation is
5 achieved. So, any test energy would essentially be lost
6 without the pre-certification option.

7 MS. ZOCCHETTI: Jed?

8 MR. GIBSON: Yes?

9 MS. ZOCCHETTI: I don't think that's quite,
10 quite accurate. WREGIS will allow you to go back and
11 capture the test energy. You're talking about the
12 eligibility date, though, more than the WREGIS?

13 MR. GIBSON: Yeah, on page 58 of the Guidebook
14 it actually says that "An electrical generation facility
15 must be registered in the WREGIS system before the
16 applicant may apply."

17 MS. ZOCCHETTI: Yes, correct. Right.

18 MR. GIBSON: That's my only concern there.

19 MS. ZOCCHETTI: Okay.

20 MR. KOOTSTRA: And Jed, I'd just like to let you
21 know that if we do end up getting rid of pre-
22 certification there will probably be a discussion of how
23 we can help with the eligibility date. We don't want to
24 make that more difficult for anyone.

25 One idea that we've contemplated in the past is

1 to allow the test energy if you apply within a
2 reasonable timeframe. So that's -- I just want to calm
3 your fears if we do something with pre-certification.

4 MR. GIBSON: Okay.

5 MR. KOOTSTRA: And we're not necessarily going
6 to be. It's still there because folks have said, you
7 know, it needs to give more certainty than what it gives
8 now. And, you know, we have to balance what certainty
9 we can give as well as complying with the law.

10 MR. GIBSON: Great. Yeah, it didn't look like
11 you were going to remove that option, but I just wanted
12 to stress how important it is for us.

13 On page 19 of the Guidebook there's a sentence
14 that says, "Facilities that are certified by the Energy
15 Commission for the RPS are generally referred as RPS
16 Eligible or RPS Certified."

17 And I think there's a distinction between the
18 two. You can be eligible and not be certified. And
19 again, this kind of touches back on the pre-
20 certification issue. You can apply for pre-
21 certification, if you're eligible, but you may not be
22 certified until that application is approved.

23 MR. KOOTSTRA: Jed, can you state that page
24 number again, for me?

25 MR. GIBSON: Yeah, page 19.

1 MR. KOOTSTRA: Page 19.

2 MR. GIBSON: It's at the top of the page.

3 MR. KOOTSTRA: Thank you.

4 MR. GIBSON: And then with respect to -- it
5 sounds like you're basically doing away with the multi-
6 jurisdictional only certification.

7 MR. KOOTSTRA: Correct.

8 MR. GIBSON: Can you kind of provide some
9 rationale behind that?

10 MR. HERRERA: So, what we did, when we went back
11 and took a look at the law because we got some
12 additional comments, the language in the statute in
13 terms of multi-jurisdictional facilities, it focuses on
14 an eligible renewable resource. When you look at the
15 provisions of -- the definition, in 25741, it applies
16 these requirements for out-of-state -- excuse me, non-
17 California balancing authority facilities and out-of-
18 country.

19 And we couldn't find a basis for treating the
20 multi-jurisdictional facilities separately and not
21 applying those requirements to them. And that's why we
22 went back and we struck those provisions in the statute
23 which -- excuse me, in the Guidebook, which were
24 initially based upon the pre-existing law, prior to SB
25 1X2.

1 So, I mean, if you have a different position on
2 that, we'd like to get your comments, and also whether
3 you think that might affect any of your facilities given
4 the way we apply the non-California balancing authority
5 requirements.

6 MR. GIBSON: Okay. I think that's something we
7 need to think about a bit more.

8 MR. HERRERA: Okay.

9 MR. GIBSON: But my initial concern is because,
10 for example, PacifiCorp is not a California balancing
11 authority they, effectively, are restricted -- they
12 can't procure a portfolio content one product because it
13 would never be delivered into a California balancing
14 authority.

15 So, I think there may be some rationale for
16 having a separate certification process for facilities
17 that are exclusively serving a multi-jurisdictional
18 entity.

19 MR. HERRERA: Okay. So, whether the facility
20 satisfies, essentially, the out-of-state requirements is
21 different than the bucket requirements, so maybe you can
22 take a look at those provisions to --

23 MR. GIBSON: Yeah, yeah.

24 MR. HERRERA: Particularly the language in our
25 Guidebook that applies, I would say, easier requirements

1 if the facility is located more than 20 miles away from
2 California's border.

3 MR. GIBSON: Right.

4 MR. HERRERA: So, a lot of those requirements
5 that you need to demonstrate to satisfy the out-of-state
6 or out-of-country requirements are minimized because of
7 that. I'm just wondering if that's going to impact
8 PacifiCorp --

9 MR. GIBSON: Yeah, and it's something -- I
10 mean, we've just started looking at this and it's
11 something we need to talk about internally a bit more.

12 MR. HERRERA: Right.

13 MR. GIBSON: And then I'd just like to echo some
14 of PG&E's concerns about the utility-certified
15 facilities. PacifiCorp has some of the same issues
16 there.

17 And assuming that those -- the current language
18 is relaxed a bit to account for existing contracts, I
19 guess we'd also like to see some clarification on what
20 constitutes renegotiation that would require an
21 additional application to be submitted.

22 If it's just material changes of the contract,
23 like extending -- you know, changing the volume, or
24 extending the date or if it, you know, would apply to
25 something as simple as a name change, or something like

1 that.

2 In terms of the application review process, the
3 Guidebook notes that if questions arise, the applicant
4 would be contacted and asked to submit additional
5 information.

6 We just wondered if there was any clarification
7 on how that contact would be made, if it's a phone call,
8 or an e-mail, or something more formal than that.

9 MR. KOOTSTRA: The contacts generally are made
10 via e-mail.

11 MR. GIBSON: Okay.

12 MR. KOOTSTRA: And we've restricted -- when
13 there's the clarifications that would go forward, if
14 it's normal and they're minor clarifications. If
15 somebody fills out just half a form, normally, that
16 doesn't take clarifications. We send it back and ask
17 them to do a better job of it.

18 But normally it's via e-mail, we need to get
19 things in writing to make changes on the Guidebook, and
20 normally if we're seeking clarifications, we want to
21 make the change as quickly as possible.

22 MR. GIBSON: Okay.

23 MS. ZOCCHETTI: Any folks in the back here,
24 Mark?

25 MR. KOOTSTRA: Sorry.

1 MS. ZOCCHETTI: Okay, thank you.

2 MR. KOOTSTRA: I'll repeat that real quick.

3 Generally, when we're making contact with an applicant
4 to seek changes or clarification on an application it's
5 via e-mail and that's in an effort to get an e-mail
6 response back so that we have that change in writing, so
7 that we can actually make that change on the
8 application.

9 I believe it states in the Guidebook, though, if
10 it's a significant change or a lot of changes sometimes
11 we'll ask for a new application.

12 But generally, if it's a minor thing -- one of
13 the items that comes to us a lot is they're missing the
14 percentage fuel type on the current applications form,
15 percentage for each fuel. That's something we can write
16 in without a real concern, as long as we have an e-mail
17 stating from the applicant that they have permission to
18 do that or another authorized person on the application
19 form.

20 MR. GIBSON: And then I had a question on the
21 different eligibility statuses and this is with regards
22 to the suspended classification. It sounds like once
23 the suspended status is lifted that any generation
24 during the suspended status would qualify.

25 I guess I'm wondering how those WREGIS

1 certificates would be treated while the facility's
2 eligibility was suspended, if there would be a special
3 notation that those RECS were not RPS eligible and how
4 that would get resolved later or, you know, if it would
5 just be a notation that was kept at the Energy
6 Commission and resolved during the verification process?

7 MR. KOOTSTRA: We haven't dived into that one
8 too closely. What would likely happen, if we have the
9 manpower to make those changes in the WREGIS system
10 quickly, is that we'd remove the marker that says that
11 it's from a California RPS-eligible facility during a
12 suspension period, and once a suspension is lifted and
13 the facility moves back to an approved status that we
14 can go back in and ask WREGIS to identify all those RECS
15 as coming from an eligible facility yet, again, so long
16 as they haven't been moved from a specific account.

17 I'd like to point out again that it doesn't
18 really matter what it says on the WREGIS certificate.
19 What matters is what's in our database.

20 So, if we're not able to update those RECS and
21 they've got transferred from the facility to the utility
22 and they are able to be updated in their system, that's
23 acceptable. We don't have a problem with that. I
24 understand that it makes some difficulties for different
25 facilities and different utilities, they want to get

1 that little bit of extra assurance.

2 But I strongly recommend, if you want the
3 assurance, get the certificate and that's going to give
4 a lot more weight.

5 MR. GIBSON: Okay. Okay, I think that's all I
6 have for now so thank you.

7 MR. KOOTSTRA: Our next commenter is Tony
8 Andreoni from CMUA.

9 MR. ANDREONI: Thank you. Good morning. I
10 first want to start off and thank the staff of CEC for
11 taking the effort, putting this document together, the
12 revision, and providing it to everybody.

13 I know CMUA has stressed in the past, on a
14 number of occasions, that it's important to see this
15 guidance document before the RPS rule that's being
16 developed and moving forward, and eventually adopted for
17 POUs, that this guidance document is available so all of
18 our members have a chance to understand all of the
19 eligible resources. So, we definitely appreciate that.

20 But I would like to add, based on what Valerie
21 mentioned earlier, that many of the CMUA members, in
22 order to provide good written comments to you all,
23 having a six-day turnaround from today's workshop is
24 somewhat challenging.

25 Recognizing you are on a fairly tight timeframe

1 to get the guidance document approved and then given
2 where you are with the RPS draft rule for POUs, if
3 there's any way you can provide a little more time, a
4 week I think would be very useful, and allow some of the
5 members to digest what you've provided up to this point
6 and give reasonable comments, at least some detail to
7 you all on that issue.

8 We do -- you know, CMUA, again, is supportive of
9 seeing the guidelines ahead of the RPS rule.

10 I do have a question on slide 24. I appreciate
11 the fact that you've provided this slide. We've had
12 many of our members asking questions on eligibility
13 status and where this was headed. Many of the
14 applications were sent in much earlier and I think some
15 folks thought they would hear by now.

16 Is there an idea of the timeframe when
17 everything is going to be placed on your website and is
18 up to date so the members can continue to follow the
19 resources that they're waiting to hear back from?

20 MR. KOOTSTRA: We don't have a specific
21 timeframe. I would hope sometime early next month we'll
22 have at least a temporary fix worked out, but maybe if
23 posting in multiple Excel spreadsheets because we
24 understand this is very important to get out.

25 We are more than happy, if they have questions

1 on the status of specific facilities, to e-mail us, just
2 include the facility name and RPS ID, if they know it,
3 and we'll do the best we can to get back to them.
4 Unfortunately, if everybody does it, that's just going
5 to take a little bit of extra time to get back to folks,
6 but we understand that it is a challenge for some, but
7 we'll do the best we can in the meantime.

8 MR. ANDREONI: Okay, that's all I have right
9 now, thank you.

10 MR. KOOTSTRA: The next commenter we have is
11 from Sergio, SCE.

12 MR. ISLAS: Good morning, Sergio Islas with
13 Southern California Edison.

14 First of all, I want to thank the staff for all
15 of the work you guys have been doing on the RPS
16 Guidebook. These are a lot of changes that we've been
17 expecting and awaiting, so it gives us a little bit more
18 guidance regarding what we should do regarding
19 retirements and some of the other items.

20 I'd like to echo some of the comments from PG&E.
21 First, on the extension for comments, we feel that an
22 additional week will provide Edison more time to review
23 the comments, review the Guidebook, and be able to
24 provide you more meaningful comments.

25 We understand there's some changes that at first

1 might seem minor, but we'd like to take the chance to
2 really dig into them.

3 Regarding utility certifications, the same as
4 PG&E, we're in the similar situation where we have about
5 115 utility-certified generators, facilities that
6 contractually there's not -- there's some weak
7 provisions in terms of being able to enforce them to
8 provide new certification applications.

9 So, to the extent that we can keep the same rule
10 that we had in place, where if a contract is terminated,
11 if a contract is amended or renegotiated, then we can
12 then recertify them or ask them to recertify.

13 We have put a process in place so that if a
14 contract is renegotiated, that happens to be utility-
15 certified, then we can go ahead, as part of the
16 amendment process, ask them to get a new application
17 into the CEC. So, that seems the process that will
18 continue to work for us and we would appreciate
19 continuing the same rule we had before.

20 That's all.

21 MS. ZOCCHETTI: Thank you, Sergio. So, would
22 you like to respond to the same question I had for
23 Valerie regarding giving us the contract end dates,
24 then?

25 MR. ISLAS: Sure, definitely. We could

1 definitely do that.

2 MS. ZOCCHETTI: Okay, thank you for your
3 comments.

4 MR. ISLAS: Yeah.

5 MR. KOOTSTRA: The next commenter we have is
6 from Tim Tutt of SMUD.

7 MR. TUTT: Good morning. Echo the comments of
8 previous speakers about it's nice to see the Guidebook
9 changes now. It would be nice and, again, another week
10 would help to provide comments. We've only really had
11 it for a couple of days before this workshop, it's even
12 difficult to go through it and provide decent comments
13 in the initial phase here.

14 Also, echo the issue about the utility-certified
15 facilities. We also have some existing contracts where
16 it's not clear that we have the ability to get the
17 facility to apply for RPS certification until the
18 contract is renegotiated. And we'd be happy to give you
19 a contract end date for that, I believe.

20 MR. KOOTSTRA: I have a quick question on that
21 point for you.

22 MR. TUTT: Yes.

23 MR. KOOTSTRA: SMUD is not eligible for utility
24 certification and you don't have any at this point. I
25 want to be sure you're aware.

1 I know there's a special pre-certification for
2 POUs that I believe SMUD has a couple, but those
3 facilities cannot be counted for the RPS until after
4 they've been certified.

5 So, I just wanted to point that out so that
6 you're not too confused. It's not the same situation
7 for you guys.

8 MR. TUTT: Well, we believe it's a very similar
9 situation and so at a time when we're making changes in
10 the Eligibility Guidebook, if we're not able to take
11 advantage of utility certification, because we haven't
12 had to in the past, we'd like to be able to now.

13 MR. KOOTSTRA: SMUD is able to apply for
14 certification on behalf of others without the utility
15 certification. But I just wanted to let you know the
16 utility certification hasn't been offered for several
17 Guidebooks now.

18 MR. TUTT: We understand.

19 MR. KOOTSTRA: Okay, just making sure we're on
20 the same page.

21 MR. TUTT: Okay. I'd also like to clarify, I
22 think I heard Mark say that if you had a modification to
23 a certified facility and then didn't report that
24 modification, and it was a meaningful modification,
25 within 90 days that the facility would lose their

1 certification and there would be new eligibility dates
2 started when it reapplied or when it got
3 recertification.

4 And I was wondering, I wanted to clarify that
5 not all of the generation from that facility
6 historically would be declared ineligible?

7 MR. KOOTSTRA: Correct, it would be from the
8 date of that significant change forward, in general.

9 MR. TUTT: Okay.

10 MR. KOOTSTRA: It depends on the circumstances
11 surrounding it, but that's the general rule of thumb.

12 MR. TUTT: All right, thank you. We'll have
13 more later.

14 MR. KOOTSTRA: The next commenter is Randy
15 Howard of LADWP.

16 MR. HOWARD: Good morning, Randy Howard, Los
17 Angeles Department of Water and Power. And I, too, want
18 to echo my thanks to all of the staff and everybody
19 who's worked so hard to get this together. And echo the
20 concerns, too, as to the shortness of time to go through
21 everything.

22 And so I could spend a little bit of time
23 thanking you for individual sections in the draft that
24 we're very pleased to see, but I want to just focus
25 really on one of the concerns on this first set of

1 slides and just see if I can get some clarification as
2 to the reasoning behind it.

3 And it's really related to energy storage. And
4 energy storage is going to become a much more critical
5 component as we continue to ramp up the level of
6 renewables.

7 So, as drafted, I'm a little concerned that
8 things are quite restrictive. And I'm not exactly how
9 we will utilize energy storage, how it will be
10 configured within our grid network, but the way it's
11 drafted it seems very restrictive as to how we would
12 apply the use of energy storage in counting some of our
13 renewables.

14 For LADWP, we have the largest pump storage
15 system in the State, it's over 1,200 megawatts. The way
16 the criteria currently reads it would never qualify
17 because it's not a renewable or qualified renewable
18 facility.

19 It would qualify related to incremental upgrades
20 we've done to increase efficiency of the unit and those
21 could qualify, but the way it's drafted it couldn't be
22 used.

23 And we're in the midst of building a very large
24 transmission line directly to connect into that facility
25 from a cluster of renewable facilities. So, those will

1 not be behind the meter of those renewable facilities,
2 but after the meter, but prior to being delivered to the
3 load.

4 So, I'm just questioning what's the rationale
5 behind the comments or the draft, if someone could
6 explain that to me?

7 MR. KOOTSTRA: A lot of the rationale behind the
8 energy storage section is to be very clear in how we're
9 going to treat those facilities. The situation you're
10 describing may be better approached as a delivery
11 structure and not an eligibility for that pump storage
12 facility. I'd need some more information to know for
13 sure the best approach.

14 But if you're directly connected that may
15 present some beneficial results for us, we just need
16 more information on this.

17 Energy storage is one of those things where we
18 haven't gotten a lot of information from industry.
19 We've gotten some information from very specific
20 subsets, but not large-scale energy storage and how that
21 should be incorporated.

22 Really, I'd like some more information to know
23 for sure on how things would work, but it may be more
24 appropriate to view it as an energy delivery method and
25 not an actual eligibility issue of that pump storage

1 facility.

2 Because, as I'm sure you know, any time you use
3 energy storage you lose some energy in the
4 transformation process.

5 MR. HOWARD: Correct.

6 MR. KOOTSTRA: And so we'd rather count at the
7 facility producing the renewable energy rather than at
8 the pumped storage facility, which is going to decrease
9 the quantity. And it's not truly a renewable generator
10 it's just using renewable energy.

11 MR. HOWARD: And I agree. I don't know that we
12 would ever use it because of the loss component between
13 the storage device and then counting or metering it on
14 the output of that storage device, but there could be
15 some recognition in the future of the need to store the
16 RECS before we do use them, or submit them, obviously,
17 into WREGIS and then the time clock starts as well.

18 So, we just want to ensure that we understand
19 the flexibility that we might have. So, I think LA
20 would probably give you direct comments related to some
21 of our concerns.

22 But the grid will operate very differently and I
23 think storage will be a big component into how we
24 configure it, and so I think this section probably needs
25 a little additional work there. Thank you.

1 MS. ZOCCHETTI: Thank you, Randy. I just would
2 like to -- I don't have a question for you, I'm sorry.
3 You may sit down.

4 MR. HOWARD: Okay.

5 MS. ZOCCHETTI: I just wanted to comment on your
6 comments. I think we agree that storage is important
7 and the Energy Commission has addressed storage a lot in
8 its IEPR process, storage generally.

9 When it comes to the RPS and renewable energy, I
10 think we've taken a step here by kind of now bringing
11 this into its own subsection, and kind of shining a
12 little bit of light on it.

13 As Mark said, I think this is a first step. We
14 welcome input. We want to be cognizant of, you know,
15 being very careful as we proceed with making sure the
16 accounting is there, making sure that the RECS that
17 result from any electricity generation after the storage
18 device is attributable only to the renewable resource.

19 And, you know, so you can imagine that we're
20 going to want to tread carefully as we proceed with the
21 language here. So, we appreciate everyone kind of
22 helping us along on that.

23 It could be that more development of this will
24 be kind of probably lagging behind, but in parallel with
25 the development in the industry in terms of metering,

1 opportunities, and things that are being developed that
2 we've been hearing about regarding metering, and
3 accounting and, you know, configuration, and where they
4 are and whether it's on site or not.

5 We want to address those and incorporate them
6 while being mindful of making sure that the RECS
7 represent renewable energy.

8 So, I guess I just had that comment that we are
9 definitely recognizing the importance of storage and
10 that's kind of why we've kind of given it its own
11 section now. We want to start moving forward with
12 developing it but doing so carefully.

13 MR. HOWARD: And I very much appreciate it, and
14 appreciate it having its own section. I do agree
15 there's a lot more work. And I think you're going to
16 see, from a number of the utilities in the State, there
17 will now be times going forward where we generate
18 substantially more renewables in a given season or
19 period of time that we're able to deliver to our grids
20 at that moment.

21 A couple of choices; you're either going to
22 store it or you're going to curtail those renewable
23 facilities. And so storage will play kind of a key
24 role.

25 And when we talk buckets and we talk about

1 approaches, we want to ensure that it's drafted in a way
2 that we get the value of those resources and that
3 storing doesn't actually get -- becomes kind of a hurdle
4 or a punishment related to the value of the resources.

5 MR. KOOTSTRA: Thank you.

6 Our next commenter is Nick Goodman from Cyrg
7 Energy.

8 MR. GOODMAN: Good morning, thank you for the
9 opportunity. And I'll echo everybody else's statements.
10 Thank you for all the time and hard work you've put in.

11 And for somebody who's a little bit new to this
12 process, I was overwhelmed with the amount of
13 information and the thoroughness, so thank you for that.

14 I would like to speak to the issue of station
15 service, not surprisingly, and just make the comment
16 that we would hope, as we go through the comment period
17 here, that there could be a look to ensure that we have
18 created a level playing field amongst different
19 technologies.

20 And as we've advocated in the past, we believe
21 the FERC definition of station service is the industry
22 standard and creates consistency for doing that.

23 Perhaps specifically and it's, again, not our
24 area of expertise or industry, but as we went through a
25 lot of the comments in biomethane it was clear to us

1 that the delivery of fuel, and the electricity used in
2 moving biomethane in pipelines is not counted in station
3 service. And we would just point out that we think it
4 would be helpful in looking at examples like that when
5 trying to assess a level playing field for all
6 technologies, and really getting to a point where we
7 look at the delivery of fuel as not being counted as
8 station service but, rather, being the delivery of fuel.
9 Thank you.

10 MR. KOOTSTRA: Thank you.

11 Are there any more commenters in the room with
12 us?

13 MR. SULLIVAN: This is Bob Sullivan, I just want
14 to make a comment.

15 MR. KOOTSTRA: Just a moment, Bob, we've got one
16 more in the room. Thank you.

17 MR. HENDRY: Good morning, James Hendry with the
18 San Francisco Public Utilities Commission.

19 I also want to echo the comments just thanking
20 you for all of the work you've done.

21 And I did have a couple of sort of wordsmithing
22 questions and then a couple of broad policy questions.

23 On slide 22 you stated that for water conveyance
24 system units that the generation would be eligible
25 beginning January 1st, 2011, and that sort of existing

1 applications in the queue would still be -- would
2 meet -- would be eligible for that.

3 MR. KOOTSTRA: Yeah, that's correct, as long as
4 we've received an application no later than that date.

5 MR. HENDRY: Okay, I guess I'm just unclear
6 because the way the wording's written it says within 90
7 days of the adoption, and so I think that's -- you know,
8 it's clearly submitted well before 90 days and won't be
9 submitted after 90 days, so I think maybe some
10 wordsmithing there needs to be dealt with.

11 Second, in the definitions there's a new
12 definition of water conveyance and I was wondering if --
13 you didn't explain in the handouts what the changes were
14 and what the reasoning was behind that, and I was
15 wondering if you could just explain that, if you get a
16 chance.

17 MR. HERRERA: Yeah, so James, good morning, this
18 is Gabe. I can speak to that.

19 So, as you know, the Energy Commission had a
20 kind of very challenging job when it came to
21 interpreting the provisions in 399.12(e), dealing with
22 eligible renewable energy resources given that the
23 existing law in the statute had always made small hydro,
24 30 megawatts or smaller, capacity eligible.

25 And then dropped in, with SB 1X2, a new

1 provision that said if you have, essentially, a 40-
2 megawatt hydrogenation unit that satisfied these other
3 requirements that it would also be eligible.

4 And it's certainly possible to interpret that
5 provision in a way that completely nullifies the 30-
6 megawatt cap that had always been in the law.

7 And I say that because, obviously, it's possible
8 to have multiple, say, 35-megawatt generating units at
9 one facility, some capacity exceeding 30. And,
10 certainly, that's not what the Legislature intended.

11 And so we've tried to focus on the water supply
12 and conveyance language in the statute. And talked to
13 folks at the Legislature and it's our understanding that
14 what they wanted to do was perhaps carve out exceptions
15 for certain types of generating units and not to open it
16 all up to large hydro, in general.

17 And so the language that we've proposed in the
18 Guidebook attempts to do that. Based on some initial
19 research that we've done, it looks like there were some
20 facilities that were initially built solely for water
21 supply and conveyance, and then a hydro unit was
22 subsequently added versus larger facilities that perhaps
23 were constructed initially for power generation.

24 And so we're trying to figure out the exact
25 place of where to cut off eligibility under the 40-

1 megawatt generating unit requirements in the statute.

2 So, we welcome your input on that particular
3 point and whether it affects San Francisco or not.

4 MR. HENDRY: Okay. I guess the question --
5 yeah, because the question that I'd like to ask is sort
6 of what the intent language was? I mean, what you seem
7 to be saying is if you initially built a water system
8 and then you came along later and added hydroelectric
9 generation that's --

10 MR. HERRERA: Yeah.

11 MR. HENDRY: So, even if you planned in the
12 beginning to build a combined system, but you add the
13 power units later that would be eligible --

14 MR. HERRERA: Well, that's what we're -- you
15 know, we're trying to give meaning to those provisions
16 in the statute. And if you think we've taken the wrong
17 tack on that interpretation, we'd welcome your input on
18 that, both policy and on our legal interpretation, as
19 well.

20 MR. HANDRY: Okay. A second question on the
21 biogas is it's -- we're unclear whether existing
22 facilities that were not using a common carrier pipeline
23 would have to reapply for the biogas?

24 So, if you had landfill -- you know, basically,
25 we have digester gas systems. Would those have to

1 reapply or would those -- even though they really
2 weren't addressed by any of the issues that were the
3 subject of AB 2196, we're kind of unclear on that
4 language.

5 MS. ZOCCHETTI: So, the answer is yes, but we
6 will be -- if you could hold your question on that, we
7 can elaborate more when we get to that. I'm going to go
8 into kind of a little bit more detail about our
9 implementation of biomethane at the end.

10 MR. HENDRY: Okay.

11 MS. ZOCCHETTI: Thank you.

12 MR. HENDRY: And I guess a final question, is
13 this the forum, as we're revising the Eligibility
14 Guidebook, one of the issues that was in the last
15 Guidebook that I think some parties felt maybe should
16 have been debated and should have had more chance to
17 kind of raise the issue was the metering requirements
18 for the California Solar Initiative and Distributed
19 Generation, whether revenue quality meters were needed
20 or not.

21 And that was an issue that I think a number of
22 parties felt they would still like to have some input
23 on. So, if we're interested in pursuing that issue,
24 would this be the forum to file those comments?

25 MS. ZOCCHETTI: You can always raise any issue

1 at any time. You're welcome to file comments on that.

2 I do want to remind everyone that this was
3 heavily debated last year at two versions of the
4 Guidebook, both in workshops and at Business Meetings,
5 so there was quite a bit of information shared, and
6 discussion, and transparency, hopefully.

7 But, you know, the Guidebook is a living
8 document and, you know, so we welcome your comments at
9 any time.

10 MR. HENDRY: Okay, and I guess the final point,
11 as the Guidebook being a living document, is there's a
12 lot of description here of portfolio content categories,
13 and phase-in requirements, and whatnot. And some of
14 this has not really been finalized because like for the
15 POU's it will be done in the RPS rulemaking.

16 And so, again, should we take sort of the
17 descriptions in here as being sort of descriptive of
18 what the Energy Commission is intending to do in the POU
19 RPS rules and make our comments in that forum, and
20 what's in the Guidebook we should just take as sort of
21 descriptive of what the existing thinking is in the
22 Energy Commission. And we may agree with it or disagree
23 with it, but kind of just take it as sort of --

24 MR. HERRERA: I think that's right, Jim.

25 MR. HENDRY: -- background information.

1 MR. HERRERA: I mean, the information was
2 included in the Guidebook for context and background
3 given that the POU regulations have not been adopted,
4 yet.

5 MR. HENDRY: Okay.

6 MR. HERRERA: You know, the RPS Eligibility
7 Guidebook focuses on eligibility and verification. The
8 POU regulations will focus on enforcement procedures for
9 POU, right.

10 So, we're trying to be helpful in the Guidebook
11 of providing a little bit of context of why we need some
12 of the information that we need.

13 MR. HENDRY: Okay.

14 MS. ZOCCHETTI: Actually, we're thinking of
15 taking some of that out in the final draft just because
16 of that.

17 MR. HENDRY: Okay.

18 MS. ZOCCHETTI: As Gabe said, we put it in
19 before because the regs weren't there, yet, and now
20 they're close to being finalized.

21 MR. HENDRY: Right.

22 MS. ZOCCHETTI: And the final word on them is in
23 the regulations, you're absolutely right.

24 MR. HENDRY: Okay.

25 MS. ZOCCHETTI: And there's that gray area

1 between where -- I mean, the Guidebook is a regulation
2 and so it stands on its own as a regulation.

3 But for the POU's, the requirements are going to
4 be in the POU regs.

5 However, the Guidebook does have oversight over
6 reporting, you know, and timing, and things like that,
7 that Gina will go into shortly, that maybe answer some
8 of your questions.

9 If something contradicts, you know, then it
10 should be the POU regs that prevail, as Gabe said.

11 MR. HENDRY: Okay.

12 MS. ZOCCHETTI: But I would appreciate hearing
13 if anything isn't clear. And, you know, I think at this
14 point in the guidebook process we will just pull that
15 language. If it was just meant to kind of educate folks
16 about SB X12, and this new 33 percent, but now we have
17 more developed rules at the CPUC for the retail sellers,
18 and in the regs, so we can perhaps pull that now.

19 MR. HENDRY: Okay.

20 MS. ZOCCHETTI: And we're thinking of doing
21 that.

22 MR. HENDRY: That may lead you to have a quick
23 turnaround for an eighth edition where you basically
24 then change -- if anything changed between the draft
25 rules and the final rules, and just changing that as

1 well, I guess.

2 MS. ZOCCHETTI: Bite your tongue.

3 MR. HENDRY: Okay, I don't know. I know, that's
4 why maybe --

5 MS. ZOCCHETTI: Oh, no, you're right. That's
6 absolutely right.

7 MR. HENDRY: Okay.

8 MS. ZOCCHETTI: I mean, as one changes we may
9 have to change the other. But I'm thinking that in
10 between this version and the final version we might just
11 pull that descriptive language of the procurement
12 requirements.

13 MR. HENDRY: Right.

14 MS. ZOCCHETTI: They'll still remain in Gina's
15 section, but we might just pull that out if it's
16 confusing.

17 MR. HENDRY: Okay.

18 MS. ZOCCHETTI: Thanks.

19 MR. HENDRY: Thanks.

20 MR. KOOTSTRA: We're going to move to the WebEx,
21 now. Can I remind those on the WebEx to clearly state
22 your name and what company you're representing or from,
23 before you begin your comments.

24 If you are in the room and you'd still like to
25 comment, please feel free to fill out a blue card, but

1 we'll address those after the WebEx.

2 The first one WebEx is Bob Sullivan.

3 MR. SULLIVAN: Hello, this is Bob Sullivan, I'm
4 with Ormat Technologies, and I'd like to comment about
5 station service, echoing Cyrg's comments, Nick
6 Goodman's.

7 We think that it would be helpful to clarify the
8 definition of station service. It seems the Guidebook
9 is going in this direction with the description of bio,
10 the energy required to move biomethane, for example, and
11 its description as fuel delivery or transportation
12 system, and not being a part of station service.

13 And I think clarification along these lines
14 would be important, especially when it comes to
15 geothermal, which FERC has also -- has already done a
16 thoughtful analysis on station service when it comes to
17 geothermal, and has decided that fuel extraction and
18 transportation, in their description, should not be
19 included in station service. This is important because
20 geothermal plants, typically, can have far-flung
21 gathering systems with production wells miles away from
22 the plant.

23 And we look at the geothermal fluid movement and
24 extraction from the earth as simply extracting fuel and
25 transporting it.

1 So, I think from a level playing field
2 standpoint we should look at it very similar to the
3 discussions you're having on biomethane, for example.
4 And that's my comments.

5 MR. KOOTSTRA: Thank you very much.

6 The next person on WebEx we have is Don Liddell.

7 MR. LIDDELL: Hi, Don Liddell. Can you hear me?

8 MR. KOOTSTRA: Yes, we can, thank you.

9 MR. LIDDELL: Okay, thanks. I'm Don Liddell,
10 representing the California Energy Storage Alliance.

11 I'm certainly heartened to hear all of the
12 comments related to the storage section, and also want
13 to echo the appreciation for the staff's effort.

14 We will be providing comments. And I haven't
15 seen the list at the end of the slides, yet, since I'm
16 not in the room, but we focused on specifically those
17 questions.

18 We'll also focus on co-location and integration,
19 and what that might mean and how that can be clarified.
20 Since direct coupling or planting is a little bit
21 restricted, a someone else mentioned earlier.

22 And the metering and the cost of metering is
23 also going to be significant, and we agree that that
24 will require some attention.

25 I would also sort of flag, as a coming

1 attraction, thermal other than what we saw with PFT,
2 typically behind the meter should also be covered.

3 I think someone alluded to that earlier, but
4 you'll see comments from CESA with respect to all of
5 those points.

6 And just one small housekeeping thing. Would it
7 be possible to send a clean copy of the draft? It would
8 be very helpful to enable us to submit redline.
9 Specifically, I care about storage, but we can talk
10 about that offline.

11 Again, I appreciate all of the work so far.
12 Thank you.

13 MR. KOOTSTRA: Thank you.

14 Our next commenter through WebEx is Oscar
15 Herrera.

16 MR. OSCAR HERRERA: Hi, this is Oscar Herrera
17 with the Southern California Public Power Authority.

18 We would like to thank the CEC for working
19 diligently on this iteration of the Guidebook. If I
20 remember correctly, this will be the fourth modification
21 to the Guidebook made in less than two years, which is
22 pretty impressive.

23 We would also like to thank you for changing the
24 small hydros -- a small hydro that's part of the water
25 supply conveyance system's eligibility date from

1 December 2011 to January 1st, 2011. We do believe this
2 portion of the Guidebook is now in alignment with the
3 intent of SB 21X.

4 We would also like to echo PG&E, SCE, SMUD,
5 LADWP, and CMUA's comments, and also request an
6 additional week to provide comments on the Guidebook.

7 There were substantial changes made to the
8 Guidebook and we require the additional time to provide
9 detailed comments on the Guidebook. Thank you.

10 MR. KOOTSTRA: Thank you very much.

11 The next commenter we have through WebEx is
12 Stacey. Sorry, Stacey, I can't pronounce your last name
13 right now.

14 MR. REINECCIUS: This is Stacey Reineccius with
15 Power Tree Services. I want to reiterate and support
16 Don Liddell's comments, from CESA, and also just make
17 the comment that very much appreciated that the Energy
18 Commission is recognizing and supporting energy storage.

19 And that this will definitely expand and enhance
20 the ability to deploy especially distributed energy
21 storage systems in California.

22 I would like to highlight that it's not clear
23 from redline whether or not virtual net metering is also
24 going to be covered. Net metering specifically is
25 mentioned, but I'd like to highlight that virtual net

1 metering should be clearly called out to be considered
2 the same as net metering in this context. Thank you.

3 MR. KOOTSTRA: Thank you very much.

4 The next commenter's going to be Marcie Milner.
5 Anyone on the line please mute your phones while she
6 talks. Due to technical difficulties, we need to unmute
7 all the lines.

8 MS. MILNER: Thank you. This is Marcie Milner
9 with Shell Energy North America. And we were fogged in
10 here in San Diego this morning, so I'm sorry we couldn't
11 be there in person.

12 Mark, congratulations.

13 MR. KOOTSTRA: Thank you very much.

14 Sorry, Marcie. Everyone who's on the lines,
15 please mute your phones, if you haven't already, so we
16 can hear Marcie clearly. Thank you. Thanks Marcie.

17 MS. MILNER: Sure. I will have some comments, I
18 presume later in the day when we start to speak more
19 about reporting, verification and, obviously, biogas is
20 a big issue for us.

21 I do want to, as many people have already
22 stated, thank you for all of the hard work that you've
23 put into this draft.

24 We understand the need for expediency in trying
25 to get this draft adopted. However, we would echo the

1 concerns of a lot of other folks here that the time
2 that's been given for final comments, you know, due
3 March 20th is just untenable. And so, while a week
4 would be nice, I think our preference would be that we
5 would have an adequate amount of time after the
6 appendices to which we're subject to release.

7 So, I mean, one of our concerns is that this
8 draft isn't complete. You know, we know that there are
9 going to be appendixes that will be released at some
10 point, but we're concerned that it's going to be adopted
11 without the ability to comment on those as well.

12 And that's all I have right now. But, again,
13 I'll have more comments later. Thank you.

14 MR. KOOTSTRA: Thank you, Marcie.

15 For everyone out there, the appendices that we
16 didn't include are generally informative and
17 instructions based. I think Appendix A will have some
18 important information for you, but you will likely, if
19 not definitely, be seeing those before the adoption of
20 the Guidebook.

21 However, Appendix B and I believe D are really
22 just information, informative and summarizing
23 information in the Guidebook.

24 The forms, themselves, in Appendix B, while they
25 may appear to be new information, it should all be

1 information that's already required by the Guidebook,
2 itself but we will, hopefully, have those for comment
3 before adoption.

4 And I would like to remind everyone, before we
5 take a short break, if we plan on doing that, still,
6 that we do have a few questions on energy storage for
7 later in the sessions and those will be on a future
8 slide.

9 Oh, sorry, is there anyone just on the phone
10 that would like to comment? I'm sorry, I forgot that
11 you can't fill out a blue card.

12 MR. SINGH: Sorry -- hello?

13 MR. KOOTSTRA: Sorry, yes, please try one at a
14 time and go slowly.

15 MR. SINGH: Hi, this is Varinder Singh with EDF
16 Renewable Energy.

17 Just on the timeline question, I definitely
18 share other sentiments about the need for some extra
19 time. I just want to make sure that we also have in
20 perspective the issue specific to biomethane whereby,
21 you know, the statute that we're dealing with requires
22 flows and your draft language reflects this, requires
23 flows from projects starting April 1st, of 2014.

24 There's some projects that that is very relevant for
25 that haven't started injecting into a pipeline, so to

1 speak, at this point and it's actually important to get
2 this done as quickly as possible so that in light of
3 that deadline, because it's actually closer than we like
4 to think, it's just over a year away.

5 So, I think somebody recommended maybe an extra
6 week and that might be something that we would -- that
7 would be something that we would support. We'd just
8 caution extending the process a lot longer than that in
9 light of the biomethane issues we're dealing with.
10 Thank you.

11 MR. KOOTSTRA: Is there anyone else on the
12 phones lines that would like to comment?

13 MR. JACKSON: Yes, hi, this is Dave Jackson with
14 Redding Electric Utility.

15 MR. KOOTSTRA: Hi Dave. Please go ahead.

16 MR. JACKSON: We would just like to echo the
17 comments from LADWP earlier, particularly with regard to
18 the energy storage section and that we, too, would like
19 to see some language that is less restrictive in the
20 future. And we look forward to further comment on this
21 section. Thank you.

22 MR. KOOTSTRA: Thank you.

23 Is there anyone more on the phone line?

24 All right then I'll ask one more time -- sorry,
25 please go ahead. Oh, sorry about that.

1 If there's no one else on the phone line, then
2 is there anyone else in the room, who hasn't had a
3 chance to fill out a blue card, that would like to
4 comment on these current sections?

5 Otherwise, are we going to head to the next
6 presentation or the break?

7 MS. ZOCCHETTI: Why don't we take a break until
8 11:15, that's just a little over ten minutes, and then
9 we'll launch into the verification report next. Thank
10 you.

11 (Off the record at 11:05 a.m.)

12 (Resume at 11:23 a.m.)

13 MS. ZOCCHETTI: I hope you had a decent little
14 break. We just heard that there may be confusion that
15 there's more than one version of the draft Guidebook out
16 there. And so I'd like to just explain that, that when
17 we first posted the Guidebook on Monday, late afternoon,
18 I won't call it evening, the underline strikeout format
19 was that the new language was underlined in line, you
20 know, part of the document, and the deletions were shown
21 in the margins and it was also quite colorful.

22 And that reflected our urgency in trying to get
23 it posted on the day that we had promised some of you
24 that we would do so.

25 The next morning we posted the same exact thing

1 but in a different format, where it's all in black and
2 white, and all changes are in line so that strikeouts
3 are shown where they sit, and new language is
4 underlined, still.

5 So, it's the same exact document, though, that's
6 the point I want to make. So, there aren't more than --
7 there is not more than one version going around.

8 So, thank you for coming back. And I'd like to
9 introduce Gina Barkalow and she's going to go through
10 our next section.

11 MS. BARKALOW: Hi, I'm Gina Barkalow, I'm the
12 lead for the RPS Verification Program.

13 I'm going to talk about Sections 5, 6 and 7 in
14 the Guidebook.

15 The first section is subsection A, from Section
16 5, and it talks about RPS tracking systems. This has
17 been in Guidebooks for a long time. We made a few
18 little clean-up changes.

19 But, basically, legislation has tasked the
20 Energy Commission with developing a system to track RPS
21 procurement and we used the interim tracking system for
22 this, initially.

23 The interim tracking system is based on self-
24 reporting data and data collected from various sources
25 in order to verify procurement claims.

1 The interim tracking system is being phased out
2 and we're transitioning to WREGIS. And WREGIS stands
3 for the Western Renewable Energy Generation Information
4 System.

5 WREGIS is used to meet the Energy Commission's
6 RPS tracking requirements. It is housed at the Western
7 Electricity Coordinating Council, WECC, and it covers
8 the WECC service area.

9 A renewable energy credit, or REC, is also
10 termed a WREGIS certificate, and it represents 1
11 megawatt hour of reported RPS-certified generation.

12 Entities must participate in WREGIS for REC
13 transactions to comply with the RPS and WREGIS
14 certificates must be retired to claim procurement for
15 RPS compliance.

16 This next section is from Section B, subsection
17 B of 5. It has to do with reporting to the Energy
18 Commission.

19 It incorporates reporting to the Energy
20 Commission under SB X 1-2, and it applies to retail
21 sellers and POUs, which I may refer to as load-serving
22 entities when I'm referring to requirements for both
23 POUs and retail sellers.

24 So, although SB X 1-2 has a multi-year
25 compliance period, retail sellers and POUs must report

1 annually to the Energy Commission. Part of this is just
2 a data management issue so that we can process data in a
3 timely manner and not have three years' worth of data at
4 the end of a compliance period.

5 At the end of a compliance period the Energy
6 Commission will produce two reports, an RPS Verification
7 Report for Retail Sellers, and RPS Verification and
8 Compliance Report for POUs.

9 There are certain reporting requirements for
10 facilities who have generation reported using the
11 interim tracking system for facilities that are not
12 interconnected to a California Balancing Authority, or a
13 CBA, and multi-fuel facilities. They must report
14 generation data to the Energy Commission.

15 This section provides specifics about the
16 transition from ITS to WREGIS, reporting using WREGIS
17 and RPS procurement reporting due dates.

18 In terms of the transition from the interim
19 tracking system to WREGIS, the Guidebook clarifies that
20 retail sellers may use the RPS track form for test
21 energy through July 31st, 2012 and that by October 1st,
22 2012 POUs must report generation tracked and report it
23 through WREGIS.

24 The next few slides I have deal with the
25 specifics of reporting due dates.

1 So, this slide here has to do with retail
2 sellers. And 2011 reporting is due to the Energy
3 Commission July 1st, 2013, or within 90 days after the
4 adoption of the RPS Guidebook, whichever is later.

5 2012 retirement must be reported 120 days after
6 the adoption of the RPS Eligibility Guidebook.

7 And 2013, the due date is July 1st, 2014 and in
8 future reporting years it will be July 1st every
9 subsequent year for RECs claimed for the previous
10 reporting year.

11 There's one slight change in the way that retail
12 sellers will report to the Energy Commission. In the
13 past, retail sellers included their WREGIS NERC e-Tag
14 Summary Reports. But because, part of what I'll get to
15 later in my presentation, analysis of scheduled claims
16 is seen now as a compliance determination, that is
17 something that will be done by the CPUC. So, those e-
18 Tag Summary Reports should be sent to the CPUC staff,
19 instead of Energy Commission staff in the future.

20 These are the reporting and due dates for POUs.
21 This is really pulled from the procedures for the RPS
22 for POUs, the POU regulations. And it specifies that
23 historic carryover claims are due July 1st, 2013, or 30
24 days after the effective date of the regulations,
25 whichever is later.

1 There is a Static Reporting Form, which many of
2 you are aware of. We're in the process of developing it
3 right now. And it is basically to report all of the
4 contract information that will be required for Energy
5 Commission staff to classify claims.

6 And so we are asking you to please submit this
7 form upon adoption of the Guidebook and the adoption of
8 the POU regulations. It's technically part of the 2011
9 reporting package. But the sooner we get this
10 information, the sooner we can start processing all of
11 the data and get ourselves prepared for the claims when
12 they come in.

13 So, this is just a request. If you could submit
14 this information to us sooner, rather than later, we
15 would appreciate it, although it's not officially
16 required until 2011 data comes in. And that is due
17 September 1st, 2013, or 30 calendar days after the
18 effective date of the POU regulations.

19 And the Appendix A, which will be coming in the
20 Guidebook, and I do have a slide for that later in my
21 presentation, explains that the procurement from POUs
22 should be classified as historic carryover, count in
23 full, and based on the portfolio content categories, or
24 PCCs, also known as "the bucket", which I'll be talking
25 about later.

1 For 2013 and future years, the due date will be
2 July 1st for the previous year reporting data.

3 There are a few exemptions to the procurement
4 balance requirements, the PBR, and that has to do with
5 the portfolio content categories. There are some small
6 and multi-jurisdictional utilities, and some POU's that
7 may count RECs for RPS compliance without regard to the
8 portfolio balance requirements if all other procurement
9 requirements for compliance with the RPS are met.

10 And so, for these entities that meet these
11 exemptions, the POU's will report claims classified as
12 count-in-full, bundled, or unbundled.

13 And the SMJUs that are exempt will -- you know,
14 while recognizing that they are exempt, they will report
15 just the same as all of the other retail sellers.

16 So, this next slide here is subsection C, of
17 overall Section 5. This essentially sets the ground
18 rules for how the Energy Commission plans to implement
19 SB X 1-2, and it applies to retail sellers and POU's.

20 We've had some questions about being able to
21 apply RECs to future compliance period, and Items 1 and
22 2 help address that issue.

23 So, basically, Item 1 explains that RECs used
24 for the RPS starting January 2011 and later must be
25 retired within 36 months of the initial month and year

1 of generation for the associated electricity to be
2 eligible for the RPS.

3 So, we are defining retirement as meaning RECs
4 claimed in the tracking system and thereby committed for
5 RPS.

6 So, there is some flexibility in the sense that
7 if you have a REC that has a 36-month lifespan that will
8 cross into the second compliance period or a future
9 compliance period, then that REC may be retired into
10 that future compliance period based on that 36-month
11 retirement allowance.

12 Another way to have RECs count into a future
13 compliance period is to have them count as excess
14 procurement.

15 So, this section just addresses that although
16 there are certain limitations about what can count for
17 excess procurement, if a sufficient amount has been
18 retired to meet the requirement and there is excess that
19 is eligible as excess procurement, that excess
20 procurement may be carried forward to a future
21 compliance period.

22 The important point here is that excess
23 procurement is determined based on retired, reported and
24 verified procurement. So, it may be possible to do
25 that, but it has to be reported and the Energy

1 Commission will determine excess procurement for POUs
2 and the CPUC will determine excess procurement for the
3 retail sellers.

4 The next item, number 3, has to do with just
5 clarifying that procurement claims may not be made
6 before the contract execution and/or ownership agreement
7 date.

8 So, there were some questions about maybe being
9 able to purchase RECs in 2014 and retired unused for the
10 first compliance period.

11 And this is just to clarify that that is not
12 allowed. If a REC is purchased in 2014, that is the
13 defining date of when that REC can first be used. So,
14 it does have the flexibility of being used within 36
15 months after the date of generation, but not the
16 flexibility of being used for an earlier compliance
17 period.

18 We basically see that as borrowing from the
19 future to take care of a debt from the past and that's
20 just not what we are planning to allow.

21 The next section has to do with accounting for
22 WREGIS prior period adjustments. So, as people are
23 becoming more familiar with the way WREGIS works, you
24 will notice that sometimes if there is an accounting
25 error in WREGIS or say, for example, a QRE misreported

1 generation to WREGIS, WREGIS has the ability through its
2 functionality, which is called a WREGIS prior period
3 adjustment, to create additional or withhold the
4 creation of WREGIS certificates in a future month or
5 year.

6 And as a result of this, the vintage on a
7 certificate may be different from the actual generation
8 date. And in situations like this, additional
9 supporting documentation will be needed, but we will
10 count the REC based on the generation date, and not
11 necessarily the date that is on the WREGIS certificate.

12 And this is explained in more detail later in
13 the Guidebook.

14 The last item there has to do with facilities
15 that have special restrictions and we talked a bit about
16 some of them, the QF facilities. And, basically, these
17 contracts from -- RECs from contracts, like this, are
18 not allowed to be traded for RPS purposes.

19 So, in the past we had automatic retirements of
20 accounts set up on WREGIS so that when RECs were
21 generated from these facilities they would automatically
22 be retired. And that ensured the Energy Commission that
23 there was no question about the ability of those RECs to
24 be traded.

25 However, because SB X 1-2 allows for 36 months

1 before retirement, we're not requiring automatic
2 retirements of accounts anymore. But we do need to
3 know if there are facilities that have these
4 restrictions so that we can track that.

5 And so, it sounds like we'll be able to get that
6 information but, basically, the same rule applies.
7 These RECs cannot be traded, but they are not required
8 to be placed into an automatic retirement subaccount.
9 However, that option is still available if anybody would
10 choose to use it. It just helps remove RECs from your
11 portfolio that can't be traded, so it may be considered
12 beneficial.

13 Okay, this slide here covers subsection D and it
14 has to do with RPS procurement verification, and it
15 describes the methodology of verification using the
16 interim tracking system and WREGIS.

17 So, the Energy Commission will work to ensure
18 procurement is only counted once. We cross-check claims
19 with the Power Source Disclosure Program, other State
20 regulatory programs, as well as the voluntary market to
21 help ensure against double counting.

22 Procurement claims exceeding generation data by
23 five percent must provide supporting documentation.

24 During the transition to WREGIS, staff will
25 follow the interim tracking system verification

1 methodology. That's basically where we compare the
2 generation data with all of the claim amounts. We may
3 be able to eventually phase out of this once we --
4 everybody is in WREGIS, but we will continue making this
5 analysis until we're fully transitioned into WREGIS and
6 determine that's no longer necessary.

7 SMJUs retiring RECs in other state systems may
8 be required to provide additional documentation to the
9 Energy Commission.

10 And as Mark discussed earlier, multi-fuel
11 facilities must report annual generation data to the
12 Energy Commission by March 31st following the year of
13 generation.

14 This is really important and SB X 1-2 creates a
15 little complexity when it has to do with multi-fuel
16 facilities in the sense that we need to understand the
17 amount that is eligible from that facility based on the
18 annual generation amount even though RECs may be retired
19 in different reporting years.

20 And so, staff will need to know the full amount
21 that can be associated with one particular year from one
22 particular multi-fuel facility, and track that over
23 time, that no more than that amount is retired.

24 Now, this next slide has to do with finalizing
25 verified data for retail sellers and POUs. And at a

1 previous workshop there was some question about
2 providing more information about the process. And so
3 the way this will work is that data is reported to us on
4 an annual basis, and we will review that information and
5 work with retail sellers and POUUs to verify the
6 procurement claims.

7 We will then present our findings and discuss
8 outstanding issues at a public workshop.

9 And then, hopefully, be ready for the next set
10 of generation data that comes in -- or RPS procurement
11 claims that come in.

12 We won't produce a report after every year, but
13 following the end of the compliance period will present
14 the results in two separate reports, one for retail
15 sellers and one for POUUs.

16 Retail Sellers Verification Report will be
17 transmitted to the CPUC for use in determining
18 compliance.

19 And for POUUs, staff will follow the enforcement
20 procedures as laid out in the POU regulations.

21 So, this slide has to do with Section 6 in the
22 Guidebook. It is subsection A, and it defines the
23 agency roles between the Energy Commission and the CPUC.

24 So, as you all know, there is some overlap with
25 what the Energy Commission does and also, now, there are

1 some distinctions about what the CPUC will do versus the
2 Energy Commission.

3 So, one thing that really stands out are
4 procurement claims which are from contracts on or after
5 June 1st, 2010. Procurements from these contracts are
6 classified into portfolio content categories and they
7 are subject to the portfolio balance requirement.

8 There's a lot of information available about the
9 specifics of these requirements but, basically, PCC 1
10 has a minimum procurement requirement that increases
11 over time. So that by the last compliance period at
12 least 75 percent of the procurement must be from bucket
13 one, so by 2020.

14 PCC 2 has no minimum requirement or maximum
15 limitation.

16 And PCC 3 has a maximum procurement limitation
17 which decreases over time, so that by 2020 no more than
18 10 percent can be claimed from bucket three.

19 And so, historic carryover, count-in-full, and
20 the PCC determinations are all considered part of RPS
21 compliance.

22 So, for retail sellers classification and
23 compliance determinations will be based upon Energy
24 Commission verified data and completed by the CPUC.

25 For POUs, the Energy Commission will finalize

1 classification of historic carryover, count-in-full and
2 PCC claims in the verification compliance report for
3 POUs.

4 Okay, so in the Guidebook here it is Section B,
5 and it is really for just the POUs. It doesn't apply to
6 the retail sellers. Although, we do expect that retail
7 sellers will follow a similar process, so it may be of
8 interest.

9 But when it comes to historic carryover, count-
10 in-full in the buckets that the Energy Commission
11 oversees the POUs and the CPUC oversees the retail
12 sellers.

13 So, count-in-full is procurement that comes from
14 pre-June 1, 2010 contracts, and from renewable energy
15 resources that were eligible under the Energy Commission
16 rules in place at the date of the contract execution or
17 ownership agreement.

18 So, in order to -- for the Energy Commission to
19 determine these claims, we will need to see the contract
20 information. We will use the RPS claims. And then we
21 will also need to review the certification information
22 and determine which RPS Eligibility Guidebook is
23 applicable for the facility at the time.

24 And we will need to be made aware of any
25 contract modifications, including those that may allow

1 the procurement to remain classified as count-in-full,
2 and then other information as determined necessary.

3 Count-in-full includes historic carryover. It
4 is not subject to the bucket requirements or the PBRs.

5 So, there is a sort of a special type of
6 procurement that does not meet the count-in-full
7 criteria because it did not meet the requirement or the
8 rule sin place at the time. However, it doesn't meet
9 the main criterion for applying the PBR, which is that
10 the contract or ownership agreement was executed on or
11 after June 1st, 2010.

12 So, there's not a lot in this, but an example
13 would be 40-megawatt hydro that meets certain
14 requirements that was not eligible under the rules in
15 place at the time, however, it is eligible now.

16 So, it will be classified into the bucket, but
17 the procurement is not subject to the PBR.

18 So, for those claims we will use the RPS claims,
19 and certification information, contract agreements, and
20 other information as determined necessary.

21 And this slide here, and the future slides, have
22 to do with Section C, subsection C of the RPS Portfolio
23 Content Categories.

24 This is just a summary of PCC 1. Basically,
25 RECs from facilities must meet one of the following

1 criteria: they must have a point of interconnection to
2 a California Balancing Authority. They must have a
3 point of interconnection to a distribution system to
4 serve PBA end users. They must have generation
5 scheduled into a CBA. Or they must have a dynamic
6 transfer agreement with a CBA.

7 In all cases, electricity in WREGIS must be
8 procured bundled and renewable energy may not be sold
9 back to the RPS facility.

10 If there's a resell for RPS purposes, it must be
11 for future generation in RECs, only, and it must
12 otherwise meet the requirements of PCC 1.

13 We'll just talk a little bit about those that
14 are interconnected or that have a first point of
15 interconnection to a distribution system to serve CBA
16 end users.

17 Once Energy Commission staff has verified the
18 interconnection status of these facilities, POUs are not
19 expected to have to provide additional information,
20 other than the RPS procurement claims, unless there is a
21 change in the CBA status over time and we would need to
22 be aware of that.

23 So, it's basically a one-time check. Once we
24 have confirmed that it is interconnected to the CBA or
25 meets the CBA requirements, then we just expect to see

1 the claims and have them count as bucket one.

2 For those that have a dynamic transfer
3 agreement, we would need a copy of that dynamic transfer
4 agreement. We would have to analyze the dates to
5 determine from when the RECs would be able to count
6 under that.

7 And there's one sort of special circumstance
8 with the dynamic transfer agreements, whereas if there
9 happens to be a facility that is interconnected to a
10 California Balancing Authority, but has a dynamic
11 transfer agreement to transfer the electricity out of
12 California, then we would need some documentation to
13 show that dynamic transfer agreement has been cancelled,
14 or that is not going to happen.

15 So, we just have to make sure that that
16 agreement stays within a California Balancing Authority.

17 So, the next few slides talk about generation
18 from facilities that are scheduled into a California
19 Balancing Authority.

20 This requires quite a bit more documentation.
21 We have put together what we are requiring in the
22 auditable package, and I'll talk about that soon.

23 So, basically, the verification would be based
24 on contract checks and the RPS claims. And then we will
25 review the Annual Hourly Comparison Spreadsheet, which

1 is basically, you know, a side-by-side comparison of the
2 annual hourly meter data and the final schedule data to
3 determine what amount is eligible for PCC 1.

4 And I have a couple more slides that help
5 explain why we need to do that.

6 We will also be using the WREGIS NERC e-Tag
7 Summary Report. So, some POUs may not be using this
8 WREGIS e-Tag service. And so those not signed up for it
9 in WREGIS can use -- we're going to create a format that
10 basically is identical to the headers used in the WREGIS
11 NERC e-Tag Summary Report. And it will be called the
12 California RPS e-Tag Summary Report. This is sort of an
13 interim tracking form that continues until the entities
14 are signed up on WREGIS to use the e-Tag service.

15 And so, we'll be looking at that e-Tag Summary
16 Report to -- we'll be examining what is listed as the
17 source facility on that.

18 And then the second compliance period we will
19 require that the source facility is the RPS-certified
20 facility, and I'll have a slide about that coming.

21 We need to confirm that the generation came from
22 the RPS facility into a CBA, so we'll be looking at
23 where it entered and confirming that it did, indeed,
24 enter into a California CBA.

25 The e-Tag amount matched should be no more than

1 the lesser of the hourly generation and schedule amount.

2 And then once we have these two pieces of
3 information we will do our analysis and then we will
4 request for -- we will make requests for e-Tags to
5 basically audit the information that has been provided,
6 and any additional information as deemed necessary.

7 So, we did receive comments about the hourly
8 analysis being really burdensome and not necessary. And
9 while we understand that it is burdensome, we do believe
10 that it is a necessary requirement given SB X 1-2.

11 So, this slide right here is really for
12 informational purposes, only. It was really helpful to
13 me when I finally understood this little box within an
14 e-Tag. This is an example of hourly data in an e-Tag
15 and how it is read.

16 So, you can see that there is the date, and then
17 there is the start and stop time, and the amount of
18 energy that is scheduled into California. Or just
19 scheduled, really, but we would specify on a different
20 part of the tag that was coming into California.

21 And then this is for a period of time starting
22 hour four and ending hour ten. And during this time
23 period 100 megawatt hours of electricity for each hour
24 was scheduled. And so, while it's really summarized
25 here what it means is that for hours zero to four there

1 was zero megawatt hour each hour that was scheduled.
2 And then for hours four through ten there was 100
3 megawatts per hour. So, you can see that the total
4 megawatt hour is 600. So, maybe that's helpful to some
5 folks.

6 And then when you look at the hourly data side
7 by side, this slide just shows why hourly data is
8 needed. So, for example, in this case there's 100
9 megawatt hours that are generated in hour one. This
10 represents the metered volume from the generator. And
11 then this represents the amount that is on the e-Tag
12 schedule that is consistent with the previous slide.

13 So, this 100 megawatts that was generated does
14 not count for bucket one because it was not brought into
15 a CBA.

16 Lines four and five are perfect examples of the
17 generation amount matching the amount on the e-Tag and
18 that full amount would count.

19 Line six shows generation from the facility that
20 exceeded the e-Tag schedule. And so in this case that
21 25 extra megawatt hours does not count as PCC 1, only
22 100 megawatt hours would count.

23 And the next few examples show 75 megawatt hours
24 per hour being generated from the facility, with the
25 schedule of 100 megawatt hours being scheduled.

1 And so, the e-Tag would show this amount, but it
2 wouldn't necessarily be able to determine what the
3 output was from the actual facility based on the e-Tag
4 data. And in some cases the schedule must be met and
5 ancillary services would be used to meet that 100-
6 megawatt hour requirement. But, really, it's only the
7 75 megawatt hours from the facility, it's only the
8 generation from the facility that we can count as bucket
9 one.

10 So, you can see the total of the generation data
11 and the schedule data is different than the hourly
12 analysis shows. And so, that is why we believe we have
13 to do the hourly analysis.

14 But for bucket one verification during the
15 second compliance period recognizes here that we're in
16 year 2013, we're in the very end of the first compliance
17 period. So, we can't meet these requirements
18 retroactively.

19 But POUs must sign up for WREGIS and start using
20 the e-Tag Summary Reports. And we will phase out the
21 use of the CA RPS e-Tag Summary Report by the second
22 compliance period.

23 And then, also we will need to have the
24 generator name be the RPS-certified facility from which
25 the PCC claim is made. So that when we audit e-Tags

1 we'll be able to make the association with the RPS-
2 certified facility.

3 So, facilities must be registered as a specific
4 source with OATI web registry by January 1st, 2014. And
5 then Energy Commission staff must be able to recognize
6 that facility source name on the e-Tag, so we need to
7 know that name.

8 The next slide has to do with bucket two, firmed
9 and shaped.

10 So, renewable energy is firmed and shaped with
11 substitute energy. The substitute energy has to be
12 incremental to that LSC. Actually, I think this should
13 say POU.

14 But both facilities' first point of
15 interconnection must be outside of a California
16 Balancing Authority and the substitute energy scheduled
17 into a CBA must be within the same calendar year that
18 the renewable energy is generated.

19 Renewable energy may not be sold back to that
20 RPS facility. And if it's a resell, it is for future
21 generation and RECs, only.

22 We will be checking contract dates to see that
23 the requirements are met, and we'll look at the RPS
24 claims, the NERC e-Tag Summary Report, and individual e-
25 Tags as required.

1 The next slide has to do with portfolio content
2 category 3. Basically, all unbundled renewable energy
3 credits and other electricity products procured from
4 eligible renewable energy resources located within the
5 WECC transmission grid that do not meet the requirements
6 of bucket one or bucket 2 fall within PCC 3.

7 Procurement claims may not be made before the
8 contract execution date and/or ownership agreement date.

9 REC claims may not be made before the contract
10 execution date.

11 Verification includes the contract checks and
12 the RPS claims.

13 This little section here has to do with
14 contesting and correcting erroneous verifications in the
15 verification process. It's similar to a slide that I
16 had earlier that, basically, staff will work with POUs
17 to resolve outstanding issues once we receive the
18 procurement data, and in advance of the public workshop.

19 Unresolved issues will be discussed at the
20 workshop. Public comments will be considered in the
21 drafting of the RPS Verification and Compliance Report
22 for POUs.

23 We will release that draft report for public
24 comments, which will be considered in the final version
25 of the report.

1 After adoption of the final RPS Verification
2 Compliance Report for POU's, compliance procedures will
3 be followed in accordance with the enforcement
4 procedures for the RPS for POU's.

5 This next slide has to do with Section 7. It's
6 a new section, although the requirements are not new, we
7 just called it out here to make it a little bit clearer.
8 But there are certain requirements in the RPS
9 legislation that have to do with POU's selling RECs to
10 retail sellers. And so, that's what this slide
11 discusses.

12 This slide is on Appendix A, which wasn't
13 included in the Guidebook but, basically, it will be
14 very similar to previous versions of Appendix A and it
15 will provide the details of the reporting and retirement
16 process in WREGIS.

17 And this is how we will direct entities to name
18 their retirement subaccounts. So, for retail sellers it
19 will be a year, CA RPS, and then RS 10. So, for us that
20 means retail seller 10. We just are developing a new
21 database and we need to have four -- just four digits, I
22 guess, to be consistent in the way it's going to work
23 for our process of classification, so that's why we have
24 that there.

25 For the POU's, you can see there is more detail.

1 That's because we will be working to classify -- well,
2 basically, the POU's will take the first, initial cut of
3 classifying their procurements, and then we will kind of
4 work with the information we have to confirm the
5 classifications of POU's that are exempt from the PBR.
6 We'll have different retirement subaccount names.

7 And that's the end of my presentation. So, I
8 think we can go ahead and take comments now, Kate.

9 MS. ZOCCHETTI: Okay.

10 MS. BARKALOW: Okay, the first card is from
11 Randy Howard, from LADWP.

12 MR. HOWARD: Thank you. Randy Howard, LADWP.
13 That was a lot of information.

14 If you were to go to slide 42 -- let's try 41,
15 I'm sorry, of the table. Just an observation, we've
16 made prior comments related to this. When you're
17 talking the lesser of -- when you're talking the lesser
18 of what was the actual produced, and most of these are
19 intermittent resources versus that which was scheduled.

20 We all recognize we need better tools for
21 forecasting, better tools to make these two get closer
22 to one another.

23 But one of the movements of FERC, Cal-ISO's been
24 doing the movement, and we're looking as well, is we
25 will move away from hourly scheduled, we will move to a

1 30-minute or a 15-minute schedule. We want to try and
2 align schedules closer for these intermittent resources,
3 so we can operate a little better, but that means four
4 times the information.

5 So, reporting this is going to be quite
6 burdensome, as well as managing that quantity of data.
7 I mean, we're talking, you know, multiple facilities.
8 This isn't like where we might have had, you know, one
9 very large facility with one meter, two or three hundred
10 megawatts. There are some of those. There's going to
11 be, you know, 250-megawatt solar farms.

12 But there's going to be a lot of very small
13 facilities, as well.

14 So, my suggestion there, if this is really the
15 way you want to go about it, we might want to put some
16 size criteria as to how you're doing that on those
17 facilities, or else you're going to be just overwhelmed
18 and we're going to be overwhelmed with the data
19 requirements.

20 But the other thing that I'm really bothered by,
21 as a transmission owner and operator, not all of the
22 renewable facilities that are interconnected to our
23 transmission system will necessarily be supplying our
24 load. So, they could be supplying other load.

25 And looking at this criteria, the value of

1 bucket one versus a bucket three could be \$40 a megawatt
2 hour. Substantial value could be lost because of this.
3 So, what it tells me right off the top is I'm going to
4 have a lot of people, or developers, or parties that are
5 going to over schedule. They're going to go at the high
6 end of a schedule and tie up valuable transmission
7 because it's going to be cheaper to over schedule and
8 produce something less, and game that. And now we're
9 going to have a worse transmission problem in this State
10 than we already have.

11 So, that comes to mind when I see this and I see
12 this policy. When we recognize the difference in the
13 value between a bucket three and a bucket one, I don't
14 understand why someone wouldn't game that and schedule
15 very high and then deliver low. You know, they'll
16 deliver the actual, but with the hope, and they'll make
17 up the difference because the transmission cost will be
18 less.

19 So, those are my comments related to this issue,
20 but it is a big concern. Again, we are moving away from
21 the hourly and so establishing based on hourly is
22 probably not the right criteria.

23 One other thing that I will raise as well, just
24 because there is some reference in the document to WECC
25 and, as you're probably very familiar, WECC is going

1 through a potential bifurcation. They will come out of
2 this as two different organizations, neither really,
3 probably being called WECC. And so how you reference
4 them, you might give yourselves some latitude in your
5 final document. Thank you.

6 MS. BARKALOW: Thank you.

7 I have a card here from Bill Westerfield from
8 SMUD.

9 MR. WESTERFIELD: Well, good afternoon. And I
10 am not going to thank you all for all your hard work, as
11 everyone else has, but I am going to compliment you.

12 (Laughter)

13 MR. WESTERFIELD: I am going to compliment you
14 on your willingness to talk to us and engage with
15 stakeholders on these questions and have a real
16 conversation. That's not something that every public
17 agency does and I commend you for having that tradition.
18 So, thank you very much for that.

19 I'm also going to ask a few questions on this
20 slide because, obviously, it's something that's been --
21 something we're all trying to learn about. We're not
22 all schedulers who come and deal with these issues.

23 And so, I think my first basic question is and,
24 Gina, you gave us the presentation, does this represent
25 a change from the slide and the position of the Energy

1 Commission in that workshop back in September?

2 MS. BARKALOW: No, it doesn't. I just tried to
3 find another way to present it that would be a little
4 bit easier to understand.

5 MR. WESTERFIELD: Okay.

6 MS. BARKALOW: And, just basically, the
7 legislation, you know, the reason that we're doing this
8 is I'll just -- the legislation says facilities that are
9 scheduled from the eligible renewable energy resource
10 into a CBA may use another source to provide real-time
11 ancillary services required to maintain an hourly or
12 sub-hourly import schedule into a CBA, but only the
13 fraction of the schedule actually generated by the
14 eligible energy resource shall count as PCC 1. So, the
15 position hasn't changed.

16 MR. WESTERFIELD: Okay. Well, I wanted to get
17 that straight first. And I'm glad you read that portion
18 of the statute because it says, "only the fraction of
19 the schedule actually generated by the renewable energy
20 resource."

21 It doesn't say, but only the fraction of the
22 renewable part of the schedule. And I think that is
23 what's really being read into this by staff, and I
24 don't, really, or we really don't know why that's the
25 case.

1 I think the distinction that --

2 MS. BARKALOW: Just real quick because it says,
3 "But only the fraction of the schedule actually
4 generated by the renewable energy resource shall count
5 as PCC 1." So, maybe you could repeat your question
6 because I wasn't quite sure.

7 Yeah, I think what the rule was trying -- or the
8 interpretation here is doing is it's trying to
9 distinguish between renewable generation that is sort of
10 above and below the schedule.

11 And I think the original intent of the
12 legislation was to not count the nonrenewable part of
13 the generation or the delivery, that imbalance energy
14 that enables intermittent wind or solar to actually be
15 used, or sunk by the grid.

16 And that's consistent with the rest of the
17 statute not to count the nonrenewable part. But it's
18 not consistent with the statute to discount the
19 renewable part of the generation.

20 And I know this is just a matter of categorizing
21 it between bucket one, two and three. But what actually
22 happens, of course, is that it devalues what is
23 otherwise a bucket one resource. And we all know in the
24 market, now, that's a pretty big difference in value.

25 And in my -- I think my interpretation of the

1 statute is to try to encourage the development of
2 certain kinds of resources within California, and so
3 forth, so that it's clear to developers what kind of
4 resource is going to be valued in what way.

5 And when you take what's otherwise a category
6 one resource that everyone develops as a category one
7 resource, with all the accompanying costs of doing that,
8 and you expect that kind of resource to return a certain
9 kind of a return, then -- but to discount that on an
10 hourly basis, because of the way that it's scheduled is
11 using a kind of granularity to accomplish something that
12 was different from what the statute intended.

13 You understand my meaning. So, I think that's
14 kind of going in a different direction, if you will.

15 MR. HERRERA: So, Bill, this is Gabe. You know,
16 we welcome SMUD's comment on that point. You know, if
17 SMUD's believe is we missed the mark on policy or our
18 interpretation, then we look forward to getting your
19 comments on that point.

20 There's a distinction and you recognize that the
21 law does set certain preference for renewable resources,
22 right, electricity products from PCC 1 are valued more
23 than those from PCC 3 and, if not, there would not have
24 been the limitations on the buckets and what not.

25 So, I think we're trying to interpret the

1 statute in the way that we felt the Legislature intended
2 it to be. But again, if you have a different position,
3 we would be more than welcome to entertain your
4 comments.

5 MR. WESTERFIELD: Well, thank you for hearing
6 that. And I'd just maybe make one other thought and
7 maybe one other suggestion, and that is I think the
8 idea's been raised by more than one stakeholder that
9 maybe we would all benefit from maybe a concentrated
10 workshop on this particular issue so that we could sort
11 of all dig into the scheduling issues in real detail to
12 understand the practical consequences of this.

13 And, of course, it could be off-site. SMUD
14 would, of course, welcome you to come and see how we
15 handle our scheduling. But we could also, certainly,
16 have it here at the Energy Commissioners where, you
17 know, we have schedulers from different stakeholders
18 come in and say this is how it works, and this is what
19 we have to do in order to maintain reliability for our
20 customers.

21 And I think there's still a feeling in some of
22 the stakeholder community that practicalities of how
23 this is done is maybe still not fully understood by
24 everyone and maybe would benefit from that kind of
25 workshop. So, thank you.

1 MS. BARKALOW: Thank you.

2 Okay, I have a card from Susie Berlin, from
3 NCPA.

4 MS. BERLIN: Good afternoon, Susie Berlin from
5 the Northern California Power Agency.

6 If you need to repeat myself, I understand. I
7 had some jaw surgery, so it's still a little difficult
8 to articulate.

9 But we're still going through the Guidebook. We
10 have some substantive questions. We very much
11 appreciate the presentation today.

12 But, procedurally, we also have some concerns
13 with the manner in which the Guidebook and the RPS
14 regulation are going to track.

15 And as a practical matter, adoption of the
16 Guidebook, with many of the references to what is
17 proposed in the RPS regulation makes it seems like a
18 fait accompli that what is still being discussed and
19 subject to revisions in the RPS regulation, itself, will
20 be a done deal.

21 So, at a minimum it seems to me that the
22 Guidebook should be adopted simultaneously with the
23 regulation so that there's nothing in there that at
24 least gives the appearance that that's a done deal,
25 notwithstanding the fact that we're still debating those

1 provisions.

2 And I would also like, at the same time, to
3 reiterate the comments raised this morning and the call
4 for more time to provide feedback on the provisions in
5 the Guidebook, itself.

6 Understand that a lot of it is not new, that it
7 is redlined, that things are moved around. But just for
8 purposes of taking it all in and putting coherent,
9 comprehensive comments together, I believe that there
10 would be a lot of benefit in having more time to do so.
11 Thank you.

12 MS. BARKALOW: Thank you.

13 Jed Gibson, PacifiCorp/Bear Valley Electric.

14 MR. GIBSON: Hi, Jed Gibson for PacifiCorp and
15 Bear Valley Electric.

16 My question has to do with the RPS procurement
17 reporting. Specifically, Appendix A is going to have a
18 lot of those details on setting up the WREGIS retirement
19 accounts.

20 I guess my concern is that we just want to have
21 sufficient time to review those instructions so we can
22 make sure we're setting those up properly prior to
23 having to actually retire any RECs in those accounts.

24 And, you know, we're anxious to see what those
25 instructions are and get clarity on those reporting

1 requirements and WREGIS retirement account criteria.

2 Next, in terms of timing, to the extent you can
3 work with the PUC to kind of coordinate dates, as I --
4 as you mentioned earlier, the PUC will be verifying the
5 buckets for the non-POUs. So, to the extent that those
6 dates can kind of be synced up with any reporting dates
7 to the Energy Commission, I think that may be helpful.

8 And then looking in the Guidebook, pages 119 and
9 121, kind of having to do with the reporting timeline
10 for 2011 and 2012, on page 21 it says that, "LSEs should
11 not be expected to supplement procurement claims for a
12 report submitted for a previous year."

13 And then on 119 it says, basically, for 2011
14 we'll need to report by July 1st of this year, or 90
15 days after the adoption of the Guidebook.

16 My concern there is because it's a multi-year
17 compliance period and because we have 36 months to
18 retire a REC, we won't have retired everything in 2011
19 by the time that this report is due. So, I think maybe
20 it needs to clarify that the report would only reflect
21 those RECs that have been retired.

22 And I don't know if that was the intention
23 there. I think that it was, but just a point of
24 clarification that I wanted to seek because I do think
25 it's important to have that 36-month window and the

1 flexibility to determine when -- and when we'll retire
2 RECs, and which compliance period we'll want to apply
3 them to and, therefore, which year we'll apply the
4 retirement to, and the retirement subaccount.

5 And going back to slide 47, am I to understand
6 that for non-POUs there will only be one retirement
7 subaccount for each year?

8 MS. BARKALOW: Oh, yes, for the retailer
9 sellers, yes.

10 MR. GIBSON: Okay.

11 MS. BARKALOW: That's correct, just one
12 retirement subaccount per year.

13 MR. GIBSON: Okay. For facilities with special
14 RPS restrictions, the Guidebook states that we need to
15 inform staff of those facilities. And I guess I'm
16 curious as to the process, if there's something formal
17 we need to do or just call you up.

18 MS. BARKALOW: I think just submitting a list.
19 Although, it sounds like some lists have been requested,
20 already, that have to do with this utility-certified
21 issue. I think a lot of them probably fall under that
22 category.

23 And so, as long as we can use that list to know
24 -- as long as we just have a complete accounting of all
25 of those facilities, then that's okay.

1 MR. GIBSON: Okay.

2 MS. BARKALOW: So, if it's submitted through
3 that other process that's okay. Maybe just indicate
4 that that's the case.

5 MR. GIBSON: And is that something that will be
6 clarified in Appendix A, when that is issued, or --

7 MS. BARKALOW: Well, Appendix A really just
8 deals with WREGIS.

9 MR. GIBSON: Okay.

10 MS. BARKALOW: So, maybe in the Guidebook we can
11 clarify that a little bit.

12 MR. GIBSON: Okay. My next question has to do
13 with verification. It says that, basically, you'll
14 determine whether claims are eligible or disallowed, and
15 then you'll basically present that at a public workshop.

16 Is that the first opportunity that retail
17 sellers will learn of disallowances or will there be
18 some informal process prior to the workshop?

19 MS. BARKALOW: Oh, yes.

20 MR. GIBSON: Okay.

21 MS. BARKALOW: I'm sorry if that wasn't clear.

22 But yeah, so the claims will be submitted to Energy
23 Commission staff and we will do our analysis. And then
24 if we flag any claims that look odd to us, or we are
25 concerned that they may not be eligible, we will go back

1 and forth to try to resolve the issue in advance of a
2 workshop. So, basically, we'll try to finalize the
3 tables.

4 So, I guess, we'll send you a table with our
5 analysis, the results of our analysis, and any
6 outstanding claims will be included in that table.

7 MR. GIBSON: Okay.

8 MS. BARKALOW: And then we'll go back and forth.
9 It's similar to the process that we've been using.

10 MR. GIBSON: Yeah, I just wanted to see if
11 there's a change there.

12 MS. BARKALOW: No.

13 MR. GIBSON: Okay. Okay, great. And then,
14 lastly, the restriction on POUs selling RECs to retail
15 sellers, the way that this is set up it almost puts an
16 additional burden on LSEs procuring from the POU. And
17 the way that I read the statute, I think that's a
18 restriction that wasn't contemplated by the Legislature.
19 And it just seems like an additional verification point
20 that an LSE would have to make that may be difficult
21 to -- I mean, we'd basically have to get Energy
22 Commission signoff prior to procuring from a POU.

23 And it seems to me that what should be happening
24 is the POU would check with the Energy Commission prior
25 to making those sales, rather than disallowing them on

1 the LSE side.

2 MS. BARKALOW: Go ahead, Kate.

3 MS. ZOCCHETTI: So, it is kind of a buyer
4 beware. This is Kate Zocchetti. As you probably know,
5 being an attorney, that has been in the statute for a
6 number of years. But now that the POUs are, you know,
7 under the same RPS program I think people are noticing
8 it more.

9 We won't be making -- like there is no pre-check
10 and that's kind of why it's buyer beware, right. I
11 think the idea is that the POUs are discouraged from
12 selling RECs until they've met their own target, and
13 that was the case in the past.

14 We didn't really monitor it, but we will be
15 monitoring it now, now that the POUs are under our
16 purview.

17 I don't think we've fully thought through how
18 this might work, but we just want to make sure that
19 everyone's aware that it is a requirement.

20 It just seems like we won't be able to give like
21 a pre-determination about whether the POU has met their
22 RPS until we've even made a compliance determination
23 which would, perhaps, be after you've done your
24 procurement.

25 MR. GIBSON: Right.

1 MS. ZOCCHETTI: So, I think both parties would
2 probably be, you know, not so happy about the outcome,
3 and that's why we kind of say buyer beware, I suppose.

4 I don't see any way that we could make an
5 earlier determination other than the POU, you know,
6 being aware of maybe managing and hedging -- managing
7 their risk and over-procuring to make sure that they're
8 going to meet their requirements before they sell to a
9 retail seller.

10 But, you know, any thoughts about how we might
11 manage that would be appreciated.

12 MR. GIBSON: Okay. Yeah, we'll think about
13 potential options because I think it would benefit both
14 parties to get a sign-off from the Energy Commission
15 that this condition has been met and the sale is
16 allowed.

17 MS. ZOCCHETTI: But how can we do that until we
18 make the determination? It's kind of a Catch 22, yeah.

19 MR. GIBSON: right.

20 MS. BARKALOW: I just have one thought. I don't
21 know, either, but maybe as the program evolves and if a
22 POU has excess procurement and it's publicly known that
23 it has a large amount of excess procurement, maybe that
24 could be used to help justify a sale in the future or
25 maybe make a retail seller more comfortable.

1 But that's just a thought that we might know
2 more as we progress. And if there's a POU that
3 consistently has excess procurement, then maybe that
4 will help, but I don't know.

5 MR. GIBSON: Okay, thank you.

6 MS. BARKALOW: Sergio, from SCE.

7 MR. ISLAS: Sergio Islas, for Southern
8 California Edison. I just have a couple of clarifying
9 questions and so, if I may, it definitely was a lot of
10 information to try to digest all at once.

11 So, I might take you back to page 29. So, the
12 clarifying question for me is I'm assuming this is for
13 June 1, 2010 contracts. Correct? The portion where it
14 says "retail sellers must authorize WREGIS to send
15 WREGIS NERC e-Tag Summary to the CPUC staff for purposes
16 of determining classification.

17 MS. BARKALOW: Yes, just for 2011 claims, just
18 what's retired.

19 MR. ISLAS: Well, so, I'm asking about contracts
20 that for us are out-of-state contracts.

21 MS. BARKALOW: Okay.

22 MR. ISLAS: But were executed before June 1st,
23 2010 and those will be grandfathered.

24 MS. BARKALOW: Oh, oh.

25 MR. ISLAS: So, I just want to make sure that

1 when I go back to the office we take care of this, if we
2 need to.

3 Do we need to give authority to the Commission,
4 I guess, to get access to the e-Tags.

5 MS. BARKALOW: That's a good question. So, it's
6 actually, probably a CPUC call right there.

7 MR. ISLAS: Okay. Well, we can check it out.

8 MS. BARKALOW: Okay.

9 MR. ISLAS: Okay. One page 32, I know we've
10 talked about this issue before on number three, and so
11 it says, "procurement claims may not be made before the
12 contract execution or ownership agreement date."

13 And so, again, I go back to trying to find
14 something in the statute that supports this. I
15 understand it from a principle perspective maybe this is
16 what we want to do, but I'm trying to figure out where
17 the language might be coming from that supports this
18 position from a policy perspective.

19 So, I'm not sure if there's something we can add
20 on the Guidebook that gives a little bit more clarity on
21 that point that would be helpful.

22 MS. BARKALOW: Okay. I think maybe the way that
23 we look at it is because it's based on RPS procurement,
24 and so if we're looking at a compliance period it would
25 be what was procured during that compliance period.

1 MR. ISLAS: Yeah, I guess I'm also thinking in
2 terms of the lifespan of your REC, within 36 months,
3 then you could potentially retire it back before the
4 execution date for any shortfalls for any -- for any
5 LSE.

6 MS. BARKALOW: Okay, if you can provide us
7 comments or suggestions that would be helpful.

8 MR. ISLAS: Okay. Also, on page 35, it says,
9 "For retail sellers, classification and compliance
10 determinations will be based upon the Energy
11 Commission's verified data and completed by the CPUC."

12 Can you explain that a little bit more?

13 MS. BARKALOW: Yeah, sure.

14 MR. ISLAS: What you mean by the verified data?

15 MS. BARKALOW: Okay, so this is sort of going
16 back to retirement, the retail seller's just retiring
17 everything into one retirement subaccount. We won't be
18 looking at what product classification the retirement is
19 in, we will just be doing our analysis based on is that
20 REC eligible and does it count for the RPS?

21 MR. ISLAS: Okay.

22 MS. BARKALOW: And so, in a way it will be
23 similar to what we've done in the past, we'll complete
24 the verification report based on the amount that is
25 determined eligible and then hand that off to the CPUC,

1 and then they will use that for their compliance
2 determinations.

3 MR. ISLAS: Okay. Is there anything that will
4 be different or is it pretty much just going to be the
5 same?

6 MS. BARKALOW: I think it's pretty much going to
7 be the same. I don't know -- I mean, just that, you
8 know, it would be updated for the SB X 1-2 requirement.
9 So, for example, I expect that we would do the check to
10 see if it was retired within 36 months just because
11 that's an automated check that we can do.

12 MR. ISLAS: Okay, makes sense.

13 MS. BARKALOW: Yeah.

14 MS. ZOCCHETTI: I think the only other change is
15 that delivery, per se, is no longer an eligibility
16 issue, that we used to check the NERC Tags for delivery.
17 But it's a little confusing because we still use the
18 NERC e-Tag to check, you know, what we've just been
19 talking about with the schedule.

20 MR. ISLAS: Right.

21 MS. ZOCCHETTI: So, when I say it's no longer
22 required, it's not that the NERC e-Tag isn't. But, you
23 know, that's one departure under SB X 1-2 that changes
24 from our previous verification processes, checking that
25 delivery.

1 MR. ISLAS: Okay, makes sense. Thank you.

2 On slide 38, regarding the resale for RPS
3 purposes, just a point of clarification. When we talk
4 about the resale of a category one it indicates that it
5 must be for future generation and RECs only.

6 And the clarification will be here if you are
7 reselling a category one and you want it to be a
8 category one, then you would follow those guidelines.
9 But otherwise, suppose I take possession of a category
10 one and it's in my active WREGIS account, but I just
11 want to sell the REC afterward, I can go ahead and do
12 that.

13 MS. BARKALOW: You could go ahead and do that
14 but it wouldn't count --

15 MR. ISLAS: As category one.

16 MS. BARKALOW: -- as category one.

17 MR. ISLAS: And for the buyer it would count as
18 category three. So, this guideline you have here is for
19 purposes of maintaining the classification --

20 MS. BARKALOW: Oh, okay, makes it sound like it
21 can never be.

22 MR. ISLAS: Right.

23 MS. BARKALOW: Yes, that is just to say that in
24 order for it to count as bucket one.

25 MR. ISLAS: Okay, so continuous -- okay.

1 MS. ZOCCHETTI: And, Sergio, I just want to
2 specify that these rules are for the POU's and you should
3 probably ask that question of the CPUC staff, too.

4 MR. ISLAS: Yeah, I think we have guidance from
5 them, so that's why I was --

6 MS. ZOCCHETTI: So, if there are slight
7 differences, then you need to err with the CPUC who's
8 telling the retail sellers.

9 MR. ISLAS: Okay, so POU's don't shoot me, now.
10 I think that's all the questions I have. Thank you.

11 MS. BARKALOW: Thank you.

12 Okay, I have a card for Valerie Winn from PG&E.

13 MS. WINN: Good afternoon, Valerie Winn with
14 PG&E. First, I want to say seeing all the complexity of
15 the verification that you're going to have to do, I hope
16 you're getting additional staff to be able to do that
17 because it looks like it will be quite onerous for both
18 you and for us.

19 I did have a question and Sergio touched on
20 this, if we look at slide 44, on the issue of the
21 procurement claims may not be made before the contract
22 execution or ownership agreement date.

23 And I guess I've looked at the example that you
24 have on page 121, where it says if you have a 2012
25 vintage REC that you guy in 2014, you can retire it in

1 the 2014 year and use that for compliance, but I
2 couldn't say, buy a 2014 REC and retire it for the 2013
3 compliance year is how I understand this.

4 And I guess I just -- I'm wondering what the
5 rationale is for that because, you know, for a couple of
6 reasons. First, bucket three you're limited to, you
7 know, no more than 10 percent of your procurement is
8 supposed to be in that bucket.

9 And, of course, you don't know how much you can
10 then buy in that bucket until a particular compliance
11 period is closed.

12 So, that would be one reason why we might want a
13 little bit of flexibility there.

14 Also, you know, if people are working to make a
15 good faith effort to try to remain in compliance, you
16 know, there could be regulatory delay in getting a
17 contract approved at the end of a compliance period.
18 There could be, you know, for us a low hydro year. A
19 facility could be delayed in coming online, that
20 providing some flexibility to people into -- you know,
21 say for us, the first compliance period is 2011, '12 and
22 '13, our compliance reports for that period aren't due
23 until June or July of 2014.

24 But as we're doing our compliance, if we notice
25 for some reason that we were short, providing some

1 window of opportunity for us to, say in 2014, buy RECs,
2 additional RECs for '11, '12, or '13 to use for
3 compliance in that period would be helpful.

4 You know, particularly -- you know, it's not as
5 if people will be waiting until the last minute, but if
6 people are trying to remain in compliance, there are
7 certain things that are outside of their control.

8 And one other point -- oh, and actually, just to
9 close out that issue, I do understand that Green-e,
10 which does a lot of the national certifications of
11 these, they do have like an extra three-month window so
12 people can buy RECs in the subsequent year and apply
13 them to previous years.

14 And one other thing I wanted to touch on was
15 really on AB 920, which is the RECS for customer
16 generators, and Mr. Hendry brought this up earlier.

17 But, you know, PG&E has been concerned, as well,
18 about the burdensome requirements for customers to be
19 able to, you know, sell their RECs, their net metering
20 RECs.

21 And I just wanted to -- you know, we've been
22 looking at ways to, you know, work with the WREGIS
23 aggregation method so that customers can participate,
24 but that's just -- it's proving to be a not-very-cost-
25 effective-way for customers to participate.

1 So, we've actually wanted to share that we've
2 been working internally to try to come up with an
3 alternate proposal and wanted to give you a heads up
4 that we will likely be sharing that alternate proposal
5 with you in our comments next week. And we hope that
6 that will really work as a springboard to help us get to
7 a better solution for our customers.

8 MR. HERRERA: So, Valerie, just a couple quick
9 comments and maybe you can think about then and respond
10 in your written, follow-up comments.

11 But I'm just wondering out loud how it's
12 possible for a POU or retail seller to procure
13 electricity products during the first compliance period
14 when those electricity products weren't actually
15 generated until the following compliance period?

16 And that addresses your issue in terms of, you
17 know, buying some 2014 RECs and then applying them kind
18 of retrospectively back to the 2011-2013 compliance
19 period.

20 And then the other point is it just seems like
21 the legislation was very constrained in terms of the off
22 ramps, or the exemptions that they granted POUs or
23 retail sellers. And it seems to me that if either the
24 CPUC or the Energy Commission allowed a retail seller or
25 POU to take some 2014 generation and claim it in 2013,

1 that you might make an end run around very specific
2 exemptions that are identified in the statute.

3 So, maybe you can think about that in your
4 written comments.

5 MS. WINN: Okay, no, thank you for that
6 feedback.

7 MS. ZOCCHETTI: Valerie, I'm going to repeat
8 myself here that I suggest that you make that point in
9 the CPUC proceeding, as well, since that's what's going
10 to govern if you can do that or not.

11 MS. WINN: Okay, thanks Kate.

12 MS. ZOCCHETTI: Thanks.

13 MS. BARKALOW: Okay, I have a blue card from
14 Kourtney Nelson from Iberdrola Renewables.

15 MR. NELSON: Good morning everyone. Yes,
16 Kourtney Nelson, Iberdrola Renewables; I am not a policy
17 person, I'm a commercial person but, obviously, these
18 regulations have a huge impact on the deals that we're
19 doing or attempting in doing with our customers.

20 So, I'm actually just going to pick up right
21 where Valerie left off, that was one of my questions.

22 I think the key thing when we're looking at
23 bucket three, in particular -- I understand on bucket
24 one and bucket two the current position of the CEC is
25 that it only counts after the contract execution date so

1 you can't procure backwards.

2 But for bucket three you actually can procure
3 backwards. So, there's a difference between the
4 contract date and the vintage of the REC.

5 So, in the example that we were just talking
6 about, you could be in 2014 and still purchase a REC
7 that has a vintage of 2011, 2012 or 2013. And one of my
8 job responsibilities is to manage our REC position
9 across the country and this is very common.

10 I've done some deals where I've sold some 2010
11 RECS in different parts of the country just this year.
12 So, it's pretty common within the REC markets that the
13 vintage is what's important and not the contract
14 execution date. So, that might be something to think
15 about that does get to the point that you're looking for
16 generation that occurred during the compliance period.

17 One question I had was it looked like to us that
18 it was a change as far as the content categorization,
19 the difference between the role the CEC's playing now,
20 and now with the CPUC. Did we understand that correctly
21 that the roles have changed since the last time we
22 talked about where the categorization is happening
23 between the retail sellers? Because we always
24 understood that the CEC's role was going to be for
25 everyone to do the classification.

1 MS. BARKALOW: I think at the last meeting we
2 had those roles hadn't been defined, yet, and we were
3 still trying to sort that out internally.

4 MS. NELSON: Okay. So, I think then the one
5 thing, just as a market participant, who's a seller, you
6 know, the one thing we would just ask or I guess
7 encourage is for you to continue to work really closely
8 because having a uniform market in how you're defining a
9 bucket one, bucket two, bucket three is really important
10 as far as, you know, being able to show that we actually
11 have an active marketplace, so that would be great.

12 On the annual reporting for -- I know this is
13 just for the POUs. So, after they go through reporting
14 on an annual basis, will the POUs actually know what
15 their current position is? That we've procured X number
16 of megawatt hours during the last year and so we now
17 know that each of those is now classified as one, two or
18 three, so we'll actually know their position? Will that
19 be verified on an annual basis?

20 MS. BARKALOW: That is the intention.

21 MS. NELSON: Oh, super. Okay, great. One of
22 the things that I know that you've heard us talk about
23 before shows up on slide 43, and so we'll make these in
24 our comments again, but one of the concerns that we have
25 when we're looking at this, the PCC 2, the bullet that

1 says, "Renewable energy may not be sold back to the RPS
2 facility." And it's pretty common that you have
3 affiliates where you have one entity or one project LLC
4 that owns the asset and another LLC that would be the
5 entity that owns the transmission, has the rights to
6 schedule power and contract with our customers. And so,
7 we would like a clarification there that selling to an
8 affiliate is not considered selling back to the RPS
9 facility.

10 And then just a last comment, this is more in
11 the Guidebook. In Section 6, or Article 6, Section C,
12 there seems to be the concept in a couple of different
13 places that talk about either percentage of a project or
14 output of a project. And one of the things that we're
15 seeing a lot in the bucket deals are actually set
16 volumes. So, a counter party might say can you please
17 provide to us 50,000 megawatt hours of a bucket two
18 product. And so that's not necessarily going to be a
19 specific slice from one renewable energy project, that's
20 just going to be a firm volume that we, as a seller, are
21 obligated to deliver to a customer.

22 And so I think taking that into account on the
23 reporting that there may be -- I think it's pretty
24 common, actually, firm volume contracts that are not
25 specific slices of projects, be it bucket one, or bucket

1 two, or bucket three. I think that makes a lot of sense
2 for the transactions that are happening in the
3 marketplace. Thanks.

4 MS. BARKALOW: Thank you.

5 James Hendry, SFPUC.

6 MR. HENDRY: Thank you again, James Hendry for
7 the SFPUC.

8 Okay, I just want to go through these, I guess,
9 slide by slide. On slide 30 you're talking about the
10 potential filing dates with POU's and you're choosing
11 either October 2012 or 30 days after the rules get
12 adopted.

13 And I think it may be easier if you just said a
14 fixed day. Like, say, it's October 2012 and then that
15 would be delayed further if the rules get extended out
16 beyond that for implementation.

17 And that is a problem, clearly, on the staff
18 side when you're not sure when the rules get adopted and
19 suddenly the rules get adopted and you have 30 days to
20 get everything done. You know, you kind of ramp up
21 staff time and then some of the regulations get delayed
22 and it's sometimes hard to get upper management to focus
23 on things with kind of a deadline that maybe sort of not
24 quite focused.

25 So, I think that maybe having a more clearly

1 defined deadline that could be pushed out further, if
2 need be, would be helpful, and that's just a
3 recommendation I would make.

4 Secondly, in slide 31, where you list some of
5 the, I guess, small multi-jurisdictional facilities are
6 not subject to the portfolio content categories. I
7 would note that the SFPUC is also, if it meets certain
8 requirements, not subject to those requirements as well.

9 And again, I think this just goes to the point
10 that Gabe had raised earlier about trying to explain the
11 POU RPS rules in the Guidebook, but it's really the RPS
12 rules that govern and so just wanted to flag that as an
13 issue.

14 Let's see -- I'm sorry, wrong one.

15 MR. HERRERA: Well, Jim, I mean the portfolio
16 balance requirements could apply to San Francisco,
17 right?

18 MR. HENDRY: Could apply, yeah. So, I think
19 just kind of saying, you know, if SFPUC meets the
20 necessary requirements they don't apply, yes.

21 On slide 37, if you could go to that, and I was
22 unclear on this slide on that middle part where
23 procurement is classified as a bucket, but then the
24 procurement's not subject to the balance requirements.
25 I was wondering if you could explain -- I've read that

1 several times and I'm still trying to understand exactly
2 what that means.

3 MS. BARKALOW: Okay, I'll try my best. I
4 struggled with this one, myself.

5 MR. HENDRY: Okay, thank you.

6 MS. ZOCCHETTI: I have a suggestion.

7 MS. BARKALOW: Oh, yeah.

8 MS. ZOCCHETTI: Could we maybe punt that to
9 tomorrow's workshop, Jim, if you're going to be here?

10 MR. HENDRY: If you think it's more appropriate
11 there, that's fine.

12 MS. ZOCCHETTI: I do. What do you think, Gabe.

13 MR. HENDRY: I'm quite happy, I'll --

14 MR. HERRERA: Yeah.

15 MR. HENDRY: Good, that's fine.

16 MR. HERRERA: Do you plan on attending tomorrow,
17 Jim?

18 MR. HENDRY: I'll be there, yes.

19 MR. HERRERA: Okay, that's fine.

20 MS. ZOCCHETTI: Okay, then the appropriate staff
21 can be there to answer the question.

22 MR. HENDRY: Okay. And I guess in a broader
23 sort of bucket one question on sort of retroactive
24 eligibility when you have resources, like under AB 920,
25 or hydroelectric facilities that have a retroactive

1 eligibility date is how do you account for energy that
2 may have been sold with that resource, and can it be
3 sold as a bundled product or not? Because of the
4 renewable energy credits there the energy's been sold
5 off and it seems like, you know, it could have been a
6 transaction there that involved renewable attributes and
7 I'm not sure how that is dealt with.

8 That's kind of a broader issue I just wanted to
9 flag. I'm not -- don't expect to have an answer to that
10 one at this time.

11 Let's see, finally, on -- I guess on slide 42,
12 where you talk about PCC verification for the second
13 compliance period, I just want to be clear, this applies
14 to PCC 1 products that are coming in from out of state,
15 so it doesn't -- for in-state resources it's still --

16 MS. BARKALOW: That's fine.

17 MR. HENDRY: Okay. And also a question came up
18 of what is OATI?

19 MS. ZOCCHETTI: Oh, gosh. There's probably
20 somebody in the audience. Do you know what it stands
21 for, I forget?

22 (Off-record comment)

23 MR. HENDRY: Okay, so it's like the -- okay,
24 that's helpful, okay.

25 MS. BARKALOW: I think there might be a link to

1 it in one of the footnotes.

2 MR. HENDRY: Great, thank you.

3 MS. BARKALOW: Do you have any more blue cards
4 in the audience? If not, we'll go to WebEx.

5 Okay, Justin Pannu from Noble Solutions.

6 MR. PANNU: Hi. Again, I was -- first of all,
7 thank you for having this workshop and we definitely
8 appreciate the work you did on polishing this Guidebook.

9 I was also fogged in, in San Diego, and was not
10 able to make it.

11 But having said that, I also don't have the
12 slides in front of me so it's going to be difficult for
13 me to refer to the slide numbers.

14 But if we can go to the slide where you show the
15 example with the e-Tags? Yeah, there you go, perfect.

16 MS. BARKALOW: The hourly data, okay.

17 MR. PANNU: Right. So, actually, where the
18 headings were scheduled, volumes and meter volumes.

19 MS. BARKALOW: Oh, I'm sorry. Okay, this one?

20 MR. PANNU: Yeah, perfect.

21 MS. BARKALOW: Okay.

22 MR. PANNU: Yeah. So, e-Tags consist of an
23 original tag volume, an adjusted volume and a final tag
24 volume.

25 MS. BARKALOW: Yeah.

1 MR. PANNU: And we believe the CEC should use
2 the terminology, because it's unclear if the schedule
3 volume is the original volume or the final volume but,
4 obviously, we're all assuming it's the final tag volume
5 but we just --

6 MS. BARKALOW: Yes.

7 MR. PANNU: -- would like that clarified.

8 MS. BARKALOW: Okay, yes. It is the final tag
9 volume so --

10 MR. PANNU: Right. So, excess procurement, are
11 POU's required to have a minimum contract term before
12 they can count retired RECs as excess procurement?

13 For example, retail sellers cannot carry over
14 excess procurement with contract terms less than ten
15 years.

16 MR. HERRERA: This is Gabe. So, this is kind of
17 an issue for the POU regs, but the Energy Commission's
18 proposed regs for the public utilities mirror the CPUC
19 rules for retail sellers on that particular point, so
20 the answer is yes.

21 MR. PANNU: Okay.

22 MR. HERRERA: We can -- if you plan on attending
23 tomorrow's workshop, Justin, please raise that question
24 again tomorrow.

25 MR. PANNU: Okay. Okay, that's fine. I think

1 that -- and WREGIS e-Tag Summary Reports. There are
2 deals out there where the third parties are the
3 importers on behalf of retail sellers and tags do not
4 make it into the e-Tag Summary Report for the LSE and
5 the Guidebook assumes that the retail sellers are always
6 the importers.

7 So, I just wanted to clarify that third parties
8 will need to also be able to be authorized with the
9 CEC -- or with WREGIS to send these reports to the PUC
10 or the CEC.

11 There are a couple of solutions to this and I
12 can get into more detail in our comments.

13 MS. BARKALOW: Okay.

14 MR. PANNU: Page 119, the RPS reporting for the
15 retail sellers, is it the assumption that to meet the
16 annual procurement targets that the RECs be retired?

17 MS. BARKALOW: I'm not sure if I understand your
18 question.

19 MR. PANNU: We were unclear on that. So, we
20 were unclear if whether RECs had to be retired to meet
21 the annual procurement target in an annual showing.

22 MS. BARKALOW: Yeah, I don't understand there to
23 be an annual target, but that would probably be a
24 question for the CPUC.

25 MR. PANNU: All right.

1 MS. ZOCCHETTI: Is your question just whether or
2 not the REC has to be retired in order to claim it or
3 are you referring --

4 MR. PANNU: Not claim. I'm referring to page
5 119, RPS reporting for retail sellers. We're just not
6 sure, it just seems that these RECs need to be retired
7 for annual procurement target showing, and we believe
8 that the RPS compliance target and the annual
9 procurement target are mutually exclusive and the RECs
10 should not be required to be retired.

11 MS. ZOCCHETTI: So, there is no annual
12 procurement target any longer.

13 MR. PANNU: Okay.

14 MS. ZOCCHETTI: I think the idea is just that as
15 you -- if you choose to retire a REC in a given year
16 that you plan to use during that compliance period, they
17 can only be reported to us via the retirement process.

18 And then the year that you will label them in
19 WREGIS is that year, which is called the reporting year,
20 now.

21 MR. PANNU: Okay.

22 MS. ZOCCHETTI: Does that answer your question?
23 We're not real sure about your question.

24 MR. PANNU: Yeah, I think I'm still -- we're
25 still unclear as to what the Guidebook says on this, so

1 we're -- we can take that up once we study it further,
2 in our comments.

3 MS. ZOCCHETTI: Okay. If you think that
4 there's --

5 MR. PANNU: On the annually --

6 MS. ZOCCHETTI: I'm sorry.

7 MR. PANNU: Yeah, go ahead.

8 MS. ZOCCHETTI: Oh, I was just going to say
9 that, you know, sometimes it's easy for us to understand
10 what we mean because we wrote it. So, if you have
11 alternate language that would make it more clear, feel
12 free to send that our way in your comments.

13 MR. PANNU: Okay. On the annual hourly
14 comparison spread, page 134 of the Guidebook there is a
15 mandatory field where the retail seller is required to
16 support the RPS hourly meter data. And the amount or
17 the percent share of the facility output procured. You
18 know, we agree that the RPS hourly meter data needs to
19 be there, but sometimes retail sellers contract on a
20 fixed volume basis and it will be allocated by the third
21 party, some meter volume, and it won't have the full
22 facility's meter volume, and we take that -- the lesser
23 of that and the final schedule to determine our category
24 one.

25 And we believe that the amount or the percent

1 share of the facility output procured should be really
2 an optional field for these types of fixed line
3 contracts.

4 MS. BARKALOW: Okay, can you just provide that
5 detail in your comment and we'll consider that?

6 MR. PANNU: Yeah. Okay, that's all I have.

7 MS. BARKALOW: Okay, thank you.

8 So, next on WebEx we have Marcie Milner.

9 MS. MILNER: Thank you, Marcie Milner with Shell
10 Energy.

11 So, I just have a couple of comments. I know
12 you guys must be starving. I think one of the
13 clarifications that might respond to Justin's comment,
14 in Section 5, you know, you use the term "procurement"
15 and I think it might be more applicable for this section
16 to call it the RPS retired REC reporting due dates.

17 MS. BARKALOW: Okay.

18 MS. MILNER: And I, personally, didn't
19 understand that the reporting year -- you know, the
20 reporting year isn't defined anywhere in that section
21 and so it insinuates to me compliance -- compliance
22 year.

23 And so, I think what you're saying is that
24 that's the year in which you're retiring the REC. And
25 then my understanding is that then when you get to slide

1 47, you know, if you're retiring the REC in 2010 then it
2 would say RS 10, as opposed to necessarily the year in
3 which you may want to count it for compliance. Is that
4 correct?

5 MS. BARKALOW: So, the year would be where it
6 says "YYYY". So, that would be the reporting year and
7 so you would classify it using that. And it is just the
8 amount that you choose to retire for that particular
9 year, not everything that you have procured.

10 MS. MILNER: Oh, okay, so the -- wow, that
11 confused me. So, the year is -- the YYYY is the year in
12 which you're retiring the REC and then the 10, the RS 10
13 represents the vintage year of the REC?

14 MS. BARKALOW: Yeah, it doesn't represent
15 anything, actually. You just can ignore it. It's just
16 for ease of uploading into our database we had to come
17 up with something, so we just put that. It could be RS
18 00 or, you know -- but we want it to be all the same, so
19 that all the retail sellers are using that same ending.

20 If you have a different suggestion, please
21 provide it.

22 MS. MILNER: But then, so then just to make sure
23 I'm clear, when we're entering the four Ys -- I mean,
24 when we're entering the year it's the year in which
25 we're retiring it versus the year in which we're

1 counting it for compliance?

2 MS. BARKALOW: No, it's the year for which
3 you're retiring it. So, I don't know -- so, if you
4 wanted to retire something and have it counted as part
5 of 2011, you would label it 2011.

6 MS. MILNER: Now, when you say "count for"
7 you're talking about compliance then, right? Because I
8 thought in the last workshop what we had decided was
9 that we couldn't retire it, for example, in a 2017
10 subaccount, we retired it in 2012 if we were retiring
11 the REC in 2012.

12 MS. BARKALOW: Yeah, go ahead, Kate.

13 MS. ZOCCHETTI: Marcie, this is Kate. I think
14 maybe the confusion is it's not that you really select a
15 year that you're applying those RECs. That "YYYY"
16 represents the year -- in other words, you're going to
17 retire a REC and you're going to send the WREGIS report
18 to us the next year. So, you're going to label those
19 RECs all in the year during which you are retiring them.
20 They will reflect the year that you're retiring them.

21 You don't really have an option to designate a
22 specific year that they apply to. I think we're
23 assuming that anything retired in a compliance year will
24 count towards that compliance year unless it's
25 determined that they qualify for excess procurement, and

1 then they can be applied going forward.

2 Would you agree with that, Gina?

3 MS. BARKALOW: Yeah, I don't know if it helps.

4 So, the reporting due date is July 1st of the following
5 year, but what you're reporting to us is all of the
6 claims, all of the RECs that you're retiring for that
7 previous year. So, the year is different when you make
8 that -- when you actually -- could be different when you
9 retire it. So, you could create your account and be
10 retiring it up until the date that you report it, but it
11 would all be for that previous year's reporting.

12 MS. MILNER: Okay.

13 MS. ZOCCHETTI: I said that a little bit
14 incorrectly. So, it's all going to apply for the
15 previous year.

16 MS. MILNER: So, anything that we retire, for
17 example, in 2013, we are going to report to you July 1st
18 of 2014, but it will all be designated in our 2013
19 subaccount?

20 MS. BARKALOW: That's correct.

21 MS. MILNER: Okay, so then just bear with me
22 here, I'm sorry. So, the two things that retail sellers
23 will be providing to the Energy Commission are a REC
24 Retirement Report on an annual basis on July 1st, and
25 then the Static Report.

1 MS. BARKALOW: No, we will not be getting the
2 Static Report from the retail sellers.

3 MS. MILNER: Okay, so the only thing that we're
4 going to be reporting to you as of July 1st is what we
5 have retired -- what RECs we have retired?

6 MS. BARKALOW: Yes, I believe that's it.

7 MS. MILNER: Okay.

8 MS. BARKALOW: If there's any -- if you are --
9 if you represent a facility that is a multi-fuel
10 facility, there might be some generation data, but
11 that's when the procurement -- I mean, I guess I
12 shouldn't call it procurement claims anymore, but that's
13 when the retired RECs are reported to us.

14 MS. MILNER: Right and thank you. That really
15 does confuse me when you talk about procurement because
16 I know that's what you oversee for the POUs, whereas the
17 PUC oversees procurement for retail sellers. So, I
18 appreciate that clarification.

19 I just had a couple of more comments. On slide
20 35, when you talk about the June 1st, 2010 date you
21 might, at some point in the draft, want to recognize
22 that with the passage of AB 2187 that date is now
23 January 13th, 2011 for EFPs, only. So that, you know,
24 that EFPs don't have to have -- the procurement content
25 categories did not apply to EFPs until January 13th,

1 2011.

2 MS. BARKALOW: Okay, I think I do include a
3 footnote addressing that particular issue. So, if you
4 think that --

5 MS. MILNER: Okay. Well, it's possible I missed
6 it, it's like thick.

7 MS. BARKALOW: It's possible. It's hard to
8 find, I'm sorry about that.

9 MS. MILNER: There were two other things that I
10 just wanted to touch on quickly. One was -- I think
11 it's slide 39, where we're talking about the annual
12 report, the Annual Hourly Comparison Spreadsheet. I
13 understand that you want the data annually, but given
14 the way that we currently calculate it, we do it on a
15 monthly basis. So, we would appreciate some flexibility
16 in how we provide that to you as long as it includes the
17 full year.

18 So, you know, if we do monthly by facility, or
19 monthly by contract where we can then provide you, you
20 know, an annual report by month.

21 MS. BARKALOW: So, that would actually be
22 something that you would discuss with the CPUC.

23 MS. MILNER: Oh.

24 MS. BARKALOW: So, this is a requirement for the
25 POU's to report to the Energy Commission.

1 MS. MILNER: Oh, wow, okay, I forgot. I guess
2 it's confusing about --

3 MS. BARKALOW: I'm sorry.

4 MS. MILNER: No, that's okay. I'm sorry, I'm
5 just -- you know, we're scrambling to try to get you
6 constructive comments in a short period of time.

7 MS. BARKALOW: No, that is a good comment and
8 maybe some of the POUs might be interested in that, so
9 that's helpful.

10 MS. MILNER: And then back to slide 47, I only
11 have two more comments, thank you. Back to slide 47,
12 you do recognize that we have not been retiring them
13 this way as per the last Guidebook, right, so we don't
14 have those subaccounts set up. So, I'm assuming that
15 you'll recognize that anything that's reported going
16 forward after the Guidebook is adopted will include this
17 label, but the prior stuff is -- you know, has been
18 retired in accordance with the last Guidebook.

19 MS. BARKALOW: Although, I think the Guidebook
20 did say to hold up on retiring.

21 MS. MILNER: Unless it was up against the 36
22 months.

23 MS. BARKALOW: That's right.

24 MS. MILNER: So, we have been in that situation
25 and so we have been retiring stuff monthly.

1 MS. BARKALOW: Okay. Please let us know how you
2 have labeled your retired subaccounts because we need to
3 design our database to be able to accept those.

4 MS. MILNER: Okay. Well, I did that according
5 to the e-mail exchange that we had at the end of last
6 year.

7 MS. BARKALOW: Okay. Well, maybe you could just
8 resend that and just remind me of that.

9 MS. MILNER: Sure. And then I think, I'm not
10 really sure what page it is -- Don, is it page 135 of
11 the -- there's something -- this is pretty key for us
12 where you talk about a pro rata calculation. And I just
13 want to make sure that that only -- I'm sorry, it's 134
14 and it's -- yeah, it looks like it's -- I just want to
15 make sure that is specific only to POUs. It's the
16 amount or the percent share of a facility output
17 procured.

18 And you talk about how it has to be calculated
19 using the percent share of facility output. I just want
20 to make sure that that's clear that only applies to POUs
21 because, you know, other retail sellers would not
22 necessarily have joint ownership of a facility. They'd
23 just be buying, you know, a portion of the output from a
24 generator.

25 MS. BARKALOW: Does this --

1 MS. MILNER: I'm sorry?

2 MS. BARKALOW: Oh, I was just wondering if this
3 has to do with the reporting of the bucket?

4 MS. MILNER: No, this is actually when, for
5 example, and I think one of the municipal
6 representatives brought this up at the last workshop
7 that when like a group of munis, like SCAPA or, you
8 know, own one facility or the output from one facility
9 that then, you know, they have to take a certain
10 percentage of that facility when they're calculating
11 what amount they get to count. You know, as renewable
12 output from that facility. And it's on page 134 of the
13 Guidebook, and we'll include that in our written
14 comments.

15 MS. BARKALOW: Okay, I do think that is specific
16 to the POUs, but feel free to mention that in your
17 comments, if you'd like.

18 MS. MILNER: Okay. And then we'll have some
19 additional comments on biogas, but I think that was all
20 we had. So, thank you very much.

21 MS. BARKALOW: Thank you.

22 Okay, I have one last blue card for Suzy Hong on
23 WebEx.

24 MS. HONG: Hi, this is Suzy Hong and I just
25 wanted to follow up on a comment made earlier by Noble

1 Solutions that in cases where third-party power
2 marketers import electricity into California on behalf
3 of a load-serving entity it's the marketer that is
4 typically then that matches the e-Tag with the REC in
5 WREGIS.

6 So, in those cases it's the marketer and not the
7 LSE that would generate the WREGIS NERC e-Tag Summary
8 Report.

9 So, I just wanted to reiterate the comment that
10 the reporting comment should be flexible enough to
11 accommodate this scenario.

12 And I was also curious whether this issue would
13 be further addressed in Appendix A. And if so, I'd like
14 to also reiterate an earlier comment requesting
15 sufficient time and opportunity to review and comment on
16 that appendix.

17 MS. BARKALOW: Okay, thank you.

18 MS. HONG: Thank you.

19 MS. BARKALOW: Okay, I guess that's it for now.

20 Oh, I'm sorry, are there any phone calls?

21 Please mute your phones unless you're providing
22 comments.

23 Do we have anyone on the phones that would like
24 to speak?

25 VALERIE: Yeah, this is Valerie from Glendale.

1 MS. BARKALOW: Hi.

2 VALERIE: Can you hear me?

3 MS. BARKALOW: Yes.

4 VALERIE: Hi. On your slide 47, okay, if we --
5 let's see, we haven't been retiring anything because you
6 said in the Guidebook not to. So, if we retire
7 everything in 2013 -- or label everything 2012, we've
8 already reported to you through the Power Content Label
9 what we have in our RPS portfolio in 2011. So, would I
10 set up a 2011 RPS retirement folder and then a 2012 RPS
11 retirement folder?

12 MS. BARKALOW: So, even if you have reported to
13 us using the Power Source Disclosure Program, if there
14 are RECs in WREGIS they must be retired. Otherwise,
15 that leaves open the possibility that they could be sold
16 to another party and double counted.

17 So, it is a requirement that the WREGIS
18 certificates are there that they need to be retired and
19 claimed, so that's just one thing.

20 And so it is different reporting right now.
21 Once it's in WREGIS it's really sort of you have to go
22 through that WREGIS process.

23 VALERIE: Right, but would I set up 2011, '12
24 and then '13?

25 MS. BARKALOW: Yes, you would create 2011, and

1 then you would create a 2012. But, actually, 2013 won't
2 be due to the Energy Commission until July 1st, 2014.

3 VALERIE: Right. Okay, thank you.

4 MS. BARKALOW: Okay, you're welcome.

5 MR. LEHR: This is Yarek Lehr at Azusa. I'd
6 like to make a statement and pose a question. Like many
7 of my colleagues I want to thank staff for their
8 efforts, diligence and, more specifically, patience with
9 the super big utility, such as Azusa Light and Water.
10 Nevertheless, thank you.

11 Now, we are somewhat disappointed that our
12 grandfathered resources could not be back -- you
13 probably, by now, know my case like a prayer, you know.
14 We have a beautiful, bona fide portfolio of category 1
15 resources that, apparently, we're going to have to count
16 in full which will disadvantage us substantially,
17 financially.

18 However, I want to thank you and commend you,
19 and hope this will stay in the general -- maybe not in
20 the sense of Guidance Book, but the regs for RPS, the
21 fact that there is an allowance for historic carryover.
22 And I apologize if you hear a train in the background,
23 I'm traveling. Just one second.

24 Okay, so these were the thank yous and
25 statements. I have one particular question. And I

1 happen to have before me Section 3207(c), from the RPS
2 Enforcement Regulations. And it seems that portions of
3 Guidance Book for some reason covers things like --

4 MS. BARKALOW: Oh, if you are not speaking,
5 would you please mute your phone, we can hear you.

6 MR. LEHR: Can you still hear Azusa?

7 MS. BARKALOW: Yes, please speak loudly.

8 MR. LEHR: So again, I'm through congratulating,
9 thanking and stating, somewhat, disappointment here.
10 Thanks for these things.

11 What really interests me is it appears that
12 Guidance Book and the RPS regs have some what seems to
13 be overlapping either guidance or regulations, depending
14 on which document one is talking about, such as annual
15 reporting.

16 I mean, you have this thing or sections of
17 Guidance Book refer to annual reporting and how it
18 should be done, and so do the draft regulations which
19 you will be discussing tomorrow.

20 Why is there overlap? Is there a reason?
21 Perhaps there is none. If such is the case, then I
22 would recommend perhaps considering leaving these in the
23 regulations, only.

24 But if there is a reason, perhaps you would take
25 a second and maybe share it. Thank you.

1 MS. ZOCCHETTI: Thank you. This is Kate
2 Zocchetti. There is some gray area between the two
3 documents but, basically, the POU regs will specify what
4 is required in terms of RPS procurement.

5 And then the Guidebook provides the process.

6 So, for example, if reporting specific things is
7 in the POU regulations, then the Guidebook will tell you
8 how to do that.

9 And that's kind of what we envision, although we
10 know some things overlap. If there are things that
11 contradict each other, we would appreciate knowing about
12 that, or if there is confusion.

13 But our intention is that they are companion
14 pieces.

15 MR. LEHR: Uh-hum.

16 MR. HERRERA: And if I can also add, too,
17 certainly there is no intent to input new requirements
18 for POU enforcement in the RPS Eligibility Guidebook
19 that focuses on RPS eligibility.

20 But in terms of what the Energy Commission is
21 doing that's identified in the RPS Eligibility
22 Guidebook, again, the statute does require it to verify
23 compliance. And so in discussing the verification
24 process, how that works, it's important to have some
25 context, which is what I think we tried to do is provide

1 background information in there, and it overlaps with
2 information in the POU regs.

3 MR. LEHR: Well, thank you, this definitely
4 helps. You know, in my mind -- and again, clearly, I'm
5 not that involved in the process, but I'm on the
6 receiving end of the process. The Guidebook seems --
7 perhaps one could state or assumed that the Guidebook
8 deals with resource certification and how regs are
9 administered.

10 On the other hand, RPS regulation is about
11 compliance with the RPS, slightly different matters.

12 I think, just to let you know, we will be
13 providing comments on this through SCAPA.

14 And again, this was Gabe Herrera, right?

15 MR. HERRERA: Yes.

16 MR. LEHR: I thank you for your comments. This
17 certainly makes it clear as to the intent. So, when the
18 Commission continues forward with these documents, I
19 would respectfully suggest that the intent, as you just
20 stated, Gabe, be always kept in mind. Okay.

21 MR. HERRERA: Understood, thank you.

22 MR. LEHR: Thank you.

23 MS. BARKALOW: Okay, I have another WebEx
24 Commenter, Cecile Bunichio.

25 You may go ahead. Oh, does Cecile Bunichio want

1 to speak? We have a blue card and you may speak, if
2 you'd like.

3 Okay. All right, are there any more callers who
4 have any questions or comments? Okay, thank you.

5 MS. ZOCCHETTI: Thank you, Gina. I know
6 everyone's anxious to go to lunch and we'll do that in
7 short order.

8 I just want to briefly finish the presentation
9 on the body of the Guidebook, excluding biomethane, so
10 that the folks who are not stakeholders in the
11 biomethane issue can leave or go have a nice lunch and
12 have flights or whatever, so please bear with me.

13 Just to go over quickly, we've added this new
14 administration section that we mentioned earlier this
15 morning. That's from the overall program Guidebook.

16 There really aren't changes to that section
17 except that what we pulled over from the overall Program
18 Guidebook is just relevant to the RPS, so we pulled out
19 things regarding funding, and incentives, and things
20 like that.

21 So, you can -- it's kind of a several-page
22 section, but I just didn't want anybody to be alarmed.
23 There's really nothing new there except that we have
24 added the option that the executive director may extend
25 a due date for report submission.

1 And I think someone mentioned earlier that, you
2 know, maybe it was Jim Hendry, where we could -- if we
3 put a due date and then we could just move it back
4 later. But in the past that has not really been an
5 option because the Guidebook is a regulation and we
6 can't just change it without revising the Guidebook, so
7 this will give us some flexibility there.

8 As we mentioned, we do plan to phase out the
9 overall Program Guidebook. It used to address a number
10 of elements in the Renewable Energy Program that are
11 being sunsetted and phased out, so it just makes it
12 easier to have all the information regarding the RPS in
13 one document, which leads to this next section.

14 The glossary of terms is the other section that
15 we brought over from the overall Program Guidebook so
16 you don't have to flip back and forth anymore.

17 The terms that I've put here are just the terms
18 that were changed, either they were deleted, added or
19 revised from the overall Program Guidebook.

20 And so I would encourage you, if you're
21 interested in any of these issues, to look up the
22 glossary. It is already out in the draft.

23 And then the outstanding questions and issues,
24 we'd like to just tee up a couple things. We've already
25 talked about the energy storage. This is a slide that I

1 mentioned earlier.

2 So, I know it's lunchtime. I would suggest that
3 you folks read these questions and provide comments in
4 writing due to time constraints today.

5 But, basically, we're looking at storage, as we
6 mentioned earlier, as we've had some stakeholders
7 inquire about the language in the statute that's here,
8 the addition or enhancement, which is basically
9 referring to the list in the statute that lists out all
10 of the eligible resources, the biomass, geothermal, et
11 cetera, this long list.

12 And it says "additions or enhancements." And
13 we've never tested what that means before and now we're
14 being asked. So, we'd appreciate your feedback on that.

15 But looking at that, we want to consider,
16 perhaps, the scope of that perhaps goes beyond storage
17 and we'd like your thoughts on that. Does that mean,
18 you know, an enhancement to a wind turbine blade or, you
19 know, other technologies that are already in place.

20 It doesn't necessarily have to be storage which,
21 by itself, does not generate electricity.

22 And then other outstanding issues on all the
23 issues that -- or all the points that Gina just made
24 about how we're going to do the verification process and
25 the compliance determination for the POUs. You know, if

1 there are other documents or ways that we can do
2 verification that we haven't thought of, although we've
3 met with stakeholders on this -- on these issues, we're
4 always welcome to hear about new things.

5 And then if there are other outstanding issues
6 that we have not identified, that you think should be
7 teed up for us to consider in a future Guidebook, please
8 bring that to our attention and we can put that on our
9 bucket list.

10 For those of you who are leaving, I wanted to
11 just tell you that the Chairman has heard your issues
12 about the comment period being short, but in trying to
13 balance it with absolutely keeping to our schedule of
14 adopting our Guidebook in April, we would be happy to
15 extend the comment period, but to no later than March
16 25th, which is the following Monday, the 20th being a
17 Wednesday so, that gives you a few more days and if
18 you're into working on the weekend.

19 So, I wish we could give you a longer comment
20 period. We're really trying to balance timing needs for
21 some folks.

22 And I just want to also add that when we come
23 out with the final draft we will be giving that to the
24 public ten days before the Business Meeting. While we
25 really hope that there aren't large issues to be worked

1 out once that draft is out, because the Energy
2 Commission doesn't like to entertain a lot of debate at
3 the Business Meetings, so please let us know. You know,
4 but that is another opportunity for comment.

5 I think with that let's do lunch. Thank you so
6 much for your participation this morning.

7 Yes? Yes, after lunch we will just talk about
8 the draft language for our implementation of AB 2196.

9 Oh, what time, good question. What time does
10 everybody want? It's 1:15. Is 2:00 enough time, do you
11 want 2:30? Show of hands for 2:00. Show of hands for
12 later.

13 Oh, I'm sorry, you guys. Sorry, Valerie.

14 So, the restaurants, for those of you who aren't
15 familiar, there's a Mexican restaurant and a sandwich
16 place about three blocks down on O Street, follow the
17 train tracks to the east.

18 WEB EX PARTICIPANT: So, is it 2:00 or 2:30?

19 MS. ZOCCHETTI: I'm sorry, it's 2:00. It's
20 2:00, everyone.

21 (Off the record at 1:15 p.m.)

22 (Resume at 2:10 p.m.)

23 MS. ZOCCHETTI: So, welcome back everybody. And
24 I want to basically go backwards just a little bit to
25 give folks an opportunity in the room, and on WebEx, or

1 on the phone to comment on the slide that we put up here
2 on outstanding questions and issues, this one about
3 energy storage and the other about verification
4 documentation.

5 I just kind of closed up the morning session
6 quickly so that we could go to lunch, without providing
7 an opportunity for comment on this, and I apologize for
8 that.

9 So, at this time I know that this was not --
10 this is not something in the Guidebook so you haven't
11 had a chance to even really look at these questions.
12 So, if you want to take a moment to look at them, if you
13 have an interest in energy storage issues, or we welcome
14 just your thoughts right now.

15 Or, if you would prefer to provide your comments
16 in writing, we would welcome those, as well.

17 So, I just want to provide a moment to see if
18 there's any discussion on this.

19 MR. HERRERA: So, Kate, if I maybe can just kind
20 of expand a little bit on just the questions --

21 MS. ZOCCHETTI: Of course.

22 MR. HERRERA: -- dealing with energy storage
23 but, really, it's the language, the additions or
24 enhancement to facility provisions that are in Public
25 Resource Code Section 25741.

1 So, one of the things that Commission staff is
2 looking at, because that language doesn't refer to
3 storage specifically, but whether there are other types
4 of enhancement that a generator might want to get
5 certified.

6 Say, perhaps, they put in better than needed
7 mission control technology and there's some sort of
8 value in marketing that. I mean, you know, is that an
9 enhancement that might fit within 25741 of the Statute?
10 And, if so, how would that work?

11 I mean, would the Commission be in the
12 situation, would they be certifying a facility that had
13 special equipment on it?

14 MS. ZOCCHETTI: Right. Right, we'd like to
15 expand the scope beyond energy storage, if it's
16 appropriate.

17 So, seeing no blue cards, anyone on WebEx,
18 Teresa, that wants to speak on this topic?

19 None. And if you could open the phone lines.
20 We have unmuted the phone lines. Please, everyone on
21 the phone, mute your individual phones. Please mute
22 your individual phones, we can hear your discussions.

23 Is there anyone that wants to speak on the
24 energy storage topic? Going once, anyone want to speak
25 on the energy storage topic that's calling in?

1 Okay, there will be an opportunity at the end.
2 So, we're going to go ahead and mute the lines again,
3 hearing no interest in this topic at this time. Thank
4 you everyone.

5 We're going to launch into the implementation of
6 Assembly Bill 2196. And, Christina Crume is going to
7 discuss the new eligibility rules for existing
8 biomethane procurement contracts.

9 MS. CRUME: Good afternoon, everyone, I hope you
10 can hear me okay.

11 So, with the implementation of AB 2196 we are
12 also going to lift the biomethane suspension from March
13 28th of 2012.

14 And for the existing contracts for the
15 facilities that were either certified, pre-certified, or
16 pending a certification these will be the rules for you.

17 So, the contracts for biomethane procurement
18 must be executed before March 29th, 2012 and reported to
19 the Energy Commission either in an application or from a
20 letter that was recognized by the Energy Commission.

21 And it must meet all applicable eligibility
22 requirements at the time of the contract execution.

23 And the source, additionally, must be injecting
24 into a common carrier pipeline before April 1st, 2014.

25 And the biomethane must be used at the facility

1 designated, either in the contract or in the
2 application.

3 The incremental quantities that do not meet
4 these requirements will be subject to the new
5 requirements and Kate will discuss those in a minute.

6 The delivery requirements for the existing
7 contracts must be delivered within the WECC or a
8 pipeline that delivers gas to California, or the
9 generating facility.

10 And the contracts required for delivery must
11 have a pipeline or storage operator contract from the
12 injection point to the delivery point. So, that's not
13 necessarily from A to B, but if it goes, say, from A, to
14 B, to C, to D we would need all of those pieces.

15 The substitution of electrical generation
16 facilities is not allowed. The application specifies a
17 facility and sources or in the contract, and only those
18 ones identified before March 29th, 2012 are eligible.

19 There's several questions about the amendments
20 to applications and contracts so, to clarify this, we
21 called them adjustments to the biomethane contracts.

22 So, all of these would require an amendment in a
23 certification, which would put the biomethane facility
24 under the new rules for the additional amounts.

25 So, an extension of the term of the existing

1 contract, the amounts of biomethane specified, the
2 quantities specified, the quantities procured from
3 source that is not identified in the existing contracts,
4 and quantities if they do not inject into a common
5 carrier pipeline before April 1st, 2014.

6 And Kate is going to review the new biomethane
7 procurement rules.

8 MS. ZOCCHETTI: Thank you, Christina.

9 We'll just go ahead and do questions at the end
10 of the presentation.

11 So, for contracts for biomethane procurement
12 that are executed by a retail seller or a POU on or
13 after March 29th, 2012 the new eligibility requirements
14 apply.

15 The biomethane procurement contract information
16 had to have been reported to the Energy Commission on or
17 after March 29th. These rules also apply if the
18 contract was executed before but failed to report to the
19 Commission until after March, those contracts would be
20 subject to the rules for the new biomethane contracts.

21 Additionally, the biomethane source must not
22 have already injected biomethane into a common carrier
23 pipeline before the March 2012 date unless it was for
24 sufficient incremental quantities after March 29th to
25 satisfy the contract requirement.

1 Also, the new requirements have criteria that
2 involve requiring the capture and injection of
3 biomethane into the pipeline to have a direct
4 environmental benefit to California.

5 And it has to be in one of three categories,
6 either the reduction or avoidance of criteria air
7 pollutants or their precursors, reduction or avoidance
8 of pollutants that can have an adverse impact on
9 California's waters, or mitigation of a local nuisance
10 associated with odor emission.

11 The delivery requirements for the biomethane
12 under these new -- what we're calling the new biomethane
13 procurement contracts are that the biomethane has to be
14 delivered into a common carrier pipeline within the WECC
15 region or interconnected to a pipeline within the WECC
16 region.

17 The contracts required for delivery or storage
18 must be, as Christina mentioned, with every pipeline or
19 storage operator from injection point to delivery point
20 at the facility.

21 And the pipelines on the delivery path must
22 physically flow biomethane in the direction of the
23 facility at least more than -- or more than half the
24 time, at least 50 percent of the time on an annual
25 basis.

1 This is a little bit more discrete than the
2 concept paper on this point. Thank you for those that
3 provided comments on our question regarding the flow.

4 So, now, looking at all biomethane procurement,
5 both existing and new, when we are looking at the
6 biomethane procurement contract a lot of information can
7 be redacted, but we need to see the execution date and
8 the term, and if there is an end date for the duration.
9 I understand some of them are for, you know, a period
10 and some of them have a certain end date.

11 We also need to know the specific sources that
12 are associated with that contract and those that were
13 reported before March to the Energy Commission;
14 contracted quantities of biomethane from each source.

15 All renewable and environmental attributes
16 associated with the production capture and injection
17 must be transferred to the generating facility. This is
18 what's going to eventually end up in the REC and make it
19 renewable.

20 Whereas before that's always been a requirement,
21 now we need to verify that that's actually a part of the
22 contract term.

23 And then the bill requires that if there are any
24 marketing, regulatory, or retail claims regarding the
25 greenhouse gas reduction due to the capture and

1 destruction of methane associated with that contract.
2 If anyone makes that claim, they must have the attribute
3 to make that claim and those attributes must be retired
4 on behalf of their customers.

5 The application process is something that we've
6 considered a lot and we've realized that while this law
7 applies going forward, it does have retroactive aspects
8 to it. And as such -- as well as having defined
9 biomethane as landfill gas or digester gas, not just
10 that it's injected into a pipeline.

11 So, now, landfill applicants, digester gas
12 applicants that are using on-site facilities or through
13 a dedicated pipeline, all these requirements apply to
14 them.

15 We have to have everyone resubmit an
16 application, even if they're already certified, in
17 addition to those that are pending because of our
18 suspension. And that's because now they are subject to
19 the new requirements for making sure -- the things we
20 just mentioned earlier, making sure that the attributes
21 are transferred, having them attest that they will not
22 make such marketing claims unless they have the
23 attributes, and so forth.

24 So, the applicants with existing biomethane
25 contracts will be limited in their certification. So,

1 they will be certified and they will be fully certified
2 so long as that contract, those quantities of biomethane
3 in that existing contract are being used by the
4 facility, and when those quantities have been used then
5 the eligibility of the facility will be revoked.

6 If there is a new source that begins deliveries,
7 that has not begun deliveries when you apply, and the
8 new source begins injection after your application is
9 submitted to the Energy Commission, then you must let us
10 know by amending your application when that new source
11 is delivering.

12 We've heard from a lot of folks about, well,
13 what about the buckets? And so that's what this slide
14 is about.

15 We cannot look at a facility and say this is
16 going to be bucket X, Y, Z.

17 As we discussed earlier this morning, the
18 portfolio content categories or the count in full are
19 determined after the fact and they are determined by the
20 CPUC for the retail sellers and by the Energy Commission
21 for the POUs.

22 But what we can say is that we will look at SB X
23 1-2, which identifies the criteria for the bucket.

24 But AB 2196 kind of lays a little complexity on
25 top of that and that is because it talks about power

1 purchase agreements, and whether or not they were before
2 or after June 2010. And the Energy Commission doesn't
3 see power purchase agreements.

4 Of course, you probably know the CPUC does for
5 the IOUs.

6 But we're going to have to see those for the
7 POUs, now, to determine count-in-full.

8 Well, if the power purchase agreement is
9 specifically for a biomethane product, then we would be
10 looking at the power purchase agreement to make the
11 compliance determination about the bucket.

12 But if it doesn't, like it's just a natural gas
13 procurement agreement, then we're going to have to make
14 our bucket determination or count-in-full determination
15 based on the biomethane procurement contract. That's
16 what we have to do because that's the only thing that's
17 renewable.

18 So, I realize this is a little complex. We
19 tried to explain it in the Guidebook. We can certainly
20 discuss that in more detail.

21 We don't know that it will really -- you know,
22 some of our rules may be kind of moot for some. You
23 know, the majority of the contracts are after, but for
24 the ones that are right around then we're going to have
25 to be a little creative in how we apply -- make these

1 two laws work in a way that makes sense.

2 As you know, and as Commissioner Peterman said
3 last year, when we suspended eligibility for biomethane,
4 one of the concerns was the appropriate documentation,
5 and accounting, and verification for the RECs that are
6 the result of biomethane injected into a pipeline.

7 And so, we were directed to beef up our
8 accounting system. We already have a pretty beefy one
9 in terms of -- as some of you know that have responded
10 to our requests for the years 2008 through 2010, we look
11 at a lot of your paperwork.

12 Some of that information is here on this slide.
13 We're going to look at everything annually. That was
14 explained a little bit this morning about -- like for
15 multi-fuel facilities.

16 We need to make sure for the existing contracts
17 that the quantities match up with the RECs; that RECs
18 don't represent natural gas generation.

19 We're going to need to see fuel quantities of
20 both the natural gas and the biomethane that are
21 injected, delivered and use at the power plant.

22 The transport contracts that Christina
23 mentioned, and the delivery paths, like we do now.

24 The Pipeline Nomination Reports, the Storage
25 Nomination Reports, invoices, meter reads, and any

1 additional documentation that we feel is appropriate to
2 verifying not only the eligibility, but at the end of
3 things with verification.

4 We've developed two spreadsheets. One is the
5 Delivery Path Summary spreadsheet and the other is the
6 Fuel Use Summary spreadsheet.

7 These will be -- we want to see the
8 documentation, but we'd like you to summarize it in
9 these spreadsheets for us, and we will provide a sample
10 spreadsheet in the appendices.

11 So, yeah, that's about all I had on that.

12 The other reason, I was explaining to some folks
13 at the break, the other reason that we need folks to
14 reapply, even if they're already certified, is to attest
15 that these environmental -- these environmental
16 attributes will be transferred to the generator and,
17 ultimately, to the utility for retirement as it becomes
18 part of the REC.

19 And, also, the new requirement that the
20 marketing claims cannot be made unless you have those
21 attributes.

22 And that is something new in the RPS and so,
23 since it applies to biomethane, whether it is in the
24 pipeline, or in a dedicated pipeline, or used on-site.
25 And it sometimes might not make sense because --

1 especially for the on-site folks, they're all wearing
2 the same hat, or a bunch of hats, but we still need to
3 make sure that those attributes are not sold to another
4 party.

5 So, I know it might not seem to make sense on
6 its face, but we do need assurance that the attributes
7 are going with the biogas.

8 I would expect I'm going to have some questions.
9 So, let's -- for folks listening in, just to remind
10 everyone, we'll take questions in the room here at the
11 Energy Commission, first, and when those are done we'll
12 turn to the WebEx chat. You can raise your hand or type
13 in a question. And then, lastly, we'll take questions
14 or comments on the phone.

15 Is there anyone here that wasn't here this
16 morning? Okay, so everyone knows about the blue cards,
17 thank you.

18 Chuck White.

19 MR. WHITE: Thanks a lot, Kate, and other staff.
20 I'd like to join in the round of congratulations and
21 appreciation for the sterling work you've done in
22 putting this very difficult task together. I think for
23 the most part we're pretty happy with the outcome.

24 There's a few questions that we have and I think
25 maybe a request for further clarification.

1 The first one has to do with the issue you've
2 just talked about on page 61 -- or slide 61, and that
3 has to do with the procurement requirements.

4 And this requirement of the power purchase
5 agreement or ownership agreement, which is kind of used
6 together, gave me some pause last night when I was
7 trying to go through this.

8 I think the slide clarifies your intent, but I
9 don't think the language on page 35 really matches your
10 intent.

11 And if I could turn your attention to the middle
12 paragraph that says each PPA, or ownership agreement,
13 and biomethane procurement will generally fall into one
14 of the following classifications.

15 Those next three classifications appear to only
16 deal with power purchase agreements.

17 In our case we are delivering gas to a public
18 utility that owns their own generating capability. They
19 have ownership agreements. I think the latest one that
20 was ever executed was back in the 1990s and that's the
21 most recent one, and on they go further back. They're
22 basically natural gas generating facilities for which
23 they were using fossil natural gas.

24 And then we entered into a contract with them in
25 August of 2011 and then started delivering, I believe,

1 on or about October 1st of 2011 the gas that is
2 currently being used, in part at least, in those
3 turbines.

4 So, we think that we will be eligible for
5 consideration as a biomethane under the PCC procurement
6 requirements, but if you read those three bullets near
7 the bottom of page 35 that appear to only relate to
8 power purchase agreements, but not to ownership
9 agreements, then I think we're okay.

10 But if you meant to include that those had to
11 apply, also, to ownership agreements then I think we
12 have a problem. And I don't think that was your intent,
13 but it would be nice to make sure it's clear on how you
14 treat both power purchase agreements and ownership
15 agreements under this thing.

16 And in our situation we would strongly urge you
17 to consider if they were or had a gas turbine that was
18 using fossil natural gas and then switched after the
19 June 1st, 2010 date then it would be eligible for PCC
20 consideration.

21 Am I making myself clear on this?

22 MS. ZOCCHETTI: Yes, you are.

23 MR. WHITE: Okay.

24 MS. ZOCCHETTI: And, hopefully, Gabe will have a
25 follow-on response to mine. Of course, these were meant

1 to be kind of examples and maybe we didn't get it quite
2 right. But I would say, in general, procurement in the
3 statute, as most of you know, is the same as ownership.
4 They're kind of interchangeable words. Procure means to
5 own or contract.

6 In this case, Gabe, what do you think? Do you
7 think they're the same thing?

8 MR. HERRERA: Yeah, I think we intended to
9 capture in those three examples there, on the bottom of
10 35, Chuck, the utility contract. But what's not spelled
11 out there I think is perhaps the fourth example, which
12 identifies the situation where you have a utility
13 contract for gas, in your case before June 1, 2010, and
14 then you've got the biomethane procurement contract
15 executed after that time.

16 MR. WHITE: That's correct, the facility was
17 constructed in the 90s, the 80s and 90s. It's owned by
18 the utility and they just switched in 2011 from fossil
19 natural gas to renewable natural gas.

20 MR. HERRERA: So, I think in that case, and I
21 think this is explained in the concept paper that the
22 biomethane procurement contract should dictate how,
23 whether that's --

24 MR. WHITE: And we think that's the right way to
25 go, but it didn't seem to be worded this way in the

1 text, at least it was confusing to me when I read it.

2 MR. HERRERA: Yeah.

3 MR. WHITE: And I was reassured when I saw your
4 PowerPoint slide, which did seem to reiterate the intent
5 would be in that kind of situation the PCC would be
6 based upon the biomethane procurement agreement, not the
7 time that the generating facility was put into play --
8 put into use.

9 MR. HERRERA: I think that's right.

10 MR. WHITE: Okay.

11 MS. ZOCCHETTI: Yeah.

12 MR. HERRERA: But with respect to utility
13 ownership agreements, in order to make sure that the
14 necessary attributes, you know, go with the gas, I mean,
15 we're looking at the contract and that should be in the
16 biomethane procurement contract.

17 But if you've got -- if you have an ownership
18 agreement that covers the generator on site and the gas
19 being produced on site, then it's not clear how that
20 gets verified because there's not necessarily an
21 agreement, right, between the operator of the facility
22 using the gas and the producer of the gas, because
23 they're one in the same.

24 So, it would be helpful to get your input on
25 those kind of situations.

1 MR. WHITE: Well, I'd probably need the
2 utilities to chime in, which I'm sure they will on this
3 because, you know, I suspect most of their ownership
4 agreements don't even specify, it's just the natural gas
5 because that was all that was considered back when those
6 facilities were constructed.

7 And anything that probably mentions biomethane
8 is as a result of our more recent agreements in 2011.

9 MR. HERRERA: Right. I guess my only point is
10 that if you have a biomethane procurement contract
11 you're not going to have it with yourself, right. And
12 if we're relying upon the contract to show that those
13 attributes are being transferred --

14 MR. WHITE: Right.

15 MR. HERRERA: -- and there is no contract then
16 what are we going to look to, to verify?

17 MR. WHITE: Well, we have contracts. We have
18 contracts for delivery of the gas, there's no question.

19 Yeah, okay, I think we're okay. But I just
20 would urge you to clarify this language on page 35 so I
21 can sleep better at night, please.

22 The second question I have is on page 60, or
23 slide 60, rather, and it goes to one of our concerns
24 that we really were hoping, somehow, that there would be
25 a final blessing of whether or not the gas we're

1 delivering is bucket one. We think it is bucket one, it
2 looks like bucket one, but to date nobody has said
3 bucket one. We've been delivering gas to the utility
4 since October of 2011 and we're not getting paid what we
5 think the full bucket one value is, and we'd very much
6 like to get that payment. We're losing money as it
7 stands right now.

8 So, the issue is who decides that it's bucket
9 one?

10 Now, I understand you want the utilities to
11 resubmit their certification packages and get
12 recertified, but it's not clear -- still not clear to me
13 from the comments you made, Kate, as to exactly at what
14 point does someone make a decision that you agree that
15 it's bucket one?

16 I mean, we're delivering the gas today, we can
17 go work with the utilities to refile the certification
18 that I think matches all of the requirements that you've
19 laid out here, but at the end of the day we sure would
20 like someone to say, yes, we agree with you that it's
21 bucket one or, hopefully not, say we don't think it's
22 bucket one and for the following reasons.

23 So, anyways, we want to -- who does that? And I
24 think I heard you say you do it after the fact, but it
25 was still not clear to me when that determination would

1 be made by the Energy Commission.

2 MS. ZOCCHETTI: So, you know, it's a great
3 question because I know that that's what's uppermost on
4 everyone's mind, and we've heard that in comments and in
5 meetings.

6 And you're right it is going to be after the
7 fact. And it's not unlike every other renewable
8 generator, they're not going to know -- like as we've
9 tried to explain, it's not the facility, really, that
10 determines the bucket, right, that's only one piece of
11 it.

12 As Gina went into a lot of detail about, you
13 know, the schedule, it's the timing, it's the contract
14 and it's timing of those contract or execution dates,
15 it's whether or not it's bundled or not.

16 So, there are other elements that preclude us
17 from kind of, you know, red stamping something as in a
18 bucket until after the generation has occurred.

19 So, to get to your question of when, it would be
20 during the verification process and then for the POUs.
21 So, we're going to -- on an annual basis, as Gina
22 mentioned this morning, that she is going to analyze the
23 buckets for the POUs annually, as best we can, after we
24 get those annual reports.

25 MR. WHITE: But we have to wait another year

1 before we will be able to potentially get full value
2 or --

3 MS. ZOCCHETTI: So, it's like -- yeah.

4 MR. WHITE: I think we'll be strongly urging you
5 and the Commission to reconsider that because it's a
6 cash flow issue right now for those of us that are
7 delivering gas, for which the value of the gas we're
8 delivering hinges on whether it is a bucket one or not.

9 And so, as you can imagine, it's a little bit
10 stressful for our folks to continue to deliver this gas
11 and not get the full payment that we think is ultimately
12 going to be due us. And the further that's pushed, kick
13 the can down the road, if you will, is going to be -- is
14 more difficult. It makes it more difficult.

15 MS. ZOCCHETTI: Sure, I understand, but I just
16 want to make sure everyone understands it's really not
17 that we're kicking the can down the road, it's that we
18 don't have enough information to make that --

19 MR. WHITE: Well, can't we provide you all that
20 information at the recertification process that
21 basically sets it out for you, everything you need to
22 know about the gas delivery so that you --

23 MR. HERRERA: So, Chuck, if I can offer up a
24 suggestion. Maybe you need to go back, you know, once
25 the facility is certified, you know, that biogas, go

1 back with your counterparty, just explain the situation.
2 Because you could be doing everything you need to do to
3 fulfill your contract obligations, right, and say you
4 sell gas to a POU. That POU then disposes of the REC
5 separate, right, then it might -- it could have been,
6 perhaps, PCC 1, but now they've dealt with the REC
7 separately and now all of the sudden it's not. And that
8 would affect, of course, or could affect your price
9 under the contract.

10 I mean, that goes beyond us and it sounds like
11 it goes beyond you, as well.

12 MR. WHITE: Right, that's a matter between us
13 and then, I guess it would be.

14 MR. HERRERA: I mean, it seems like it may make
15 more sense to perhaps revise your agreements, if that's
16 possible.

17 MR. WHITE: That would be a contract after March
18 29th, wouldn't it?

19 MR. HERRERA: Well, it could be, you're right.

20 MR. WHITE: But we don't want to touch those
21 agreements and be thrown as a new contract, as opposed
22 to an existing contract.

23 MR. HERRERA: Right, and you certainly don't
24 want to have any amendments to change the source or the
25 quantity. But I'm just saying the payment stream, it

1 sounds like it's contingent on this gas qualifying as
2 PCC 1, when there could be things that are outside your
3 control and our control, and within the POU's control
4 that dictates whether it's PCC 1 or not.

5 MR. WHITE: Okay, got it. Well, this clarified
6 it a bit. But again, I would still urge you to work
7 with us any way you can just so we can, hopefully,
8 exercise the full value of these agreements.

9 The final comment I have is related to slide 58
10 and that has to do with the new biomethane procurement
11 contracts. And I'm a little bit troubled by this 50
12 percent flowing in the right direction.

13 We have a landfill right now in Los Angeles that
14 is closed. It's generating gas. We would like to
15 consider the possibility of putting into a pipeline that
16 is right now about 50 feet away from the gas plant.

17 But the problem is it's a Southern California --
18 a SoCal Gas pipeline. It is a transmission line. And
19 although I don't know this for a fact, it does flow back
20 and forth in different directions almost on an hourly
21 basis. I'm not sure we would know, without going and
22 doing a pretty exhaustive study at that point, whether
23 or not the gas is flowing in the right direction, if
24 we're going to direct it to an RPS type facility.

25 This may limit -- this uncertainty might limit

1 us to only being able to use the gas for transportation
2 fuels which, I guess, would not be subject to this
3 limitation, which is not horrible. But it would be nice
4 if there was some kind of consistency in California that
5 if you put the gas into a pipeline, and direct it to an
6 RPS use, or direct it to a transportation fuel use
7 they're pretty much treated the same.

8 And I hope I don't result in transportation
9 fuels being subject to this 50 percent flow as a result
10 of this comment. But the problem is you really -- we
11 have no control over which way the gas flows in a
12 pipeline because it's based upon all the demands for the
13 gas in the surrounding Los Angeles -- in this case, the
14 surrounding Los Angeles area. But that could change day
15 to day, month to month, year to year, and I just really
16 think it's kind of arbitrary and a number --

17 MR. HERRERA: Does that gas physically flow
18 within California?

19 MR. WHITE: It's in Los Angeles. It's in Los
20 Angeles, yeah.

21 MR. HERRERA: So, the statute identifies kind of
22 two criteria there. Either it's got to flow within
23 California or it's got to flow towards the generating
24 facility, so that latter part is what the provision of
25 the --

1 MR. WHITE: Okay, so you're saying if it flows
2 totally within California then the direction of flow
3 wouldn't make any difference.

4 MR. HERRERA: That's correct.

5 MR. WHITE: Okay. Well, I misunderstood that,
6 so that is helpful to clarify that point.

7 MS. ZOCCHETTI: That's because I got the slide
8 wrong.

9 MR. WHITE: Okay.

10 MS. ZOCCHETTI: Yeah, I apologize. I didn't put
11 the part about in California.

12 MR. WHITE: Yeah, this would be injected totally
13 in California and it would be -- okay, so that's --

14 MS. ZOCCHETTI: I apologize to everyone.

15 MR. WHITE: That does it. I got it.

16 MS. ZOCCHETTI: That's what happens when you
17 work after hours.

18 MR. WHITE: And I guess my final comment is that
19 I -- a large part -- I had to read this like mad and I
20 still have questions, and so I guess you extended it for
21 a couple of days additional?

22 MS. ZOCCHETTI: Yeah, five days.

23 MR. WHITE: I appreciate that. Five days, over
24 the weekend. Right, that's fine.

25 MS. ZOCCHETTI: You're welcome.

1 MR. WHITE: I'm not going to spend my weekend.
2 That's fine. But, yeah, I appreciate that. On the
3 other hand, we don't want you to delay this because I
4 know a lot of people are trying to get their biomethane
5 contracts squared away, and some of these people still
6 want to deliver -- future deliveries, you know, there's
7 not much time between now and April of 2014.

8 Thank you very much. Appreciate all of your
9 hard work.

10 MS. ZOCCHETTI: Thank you, Chuck.

11 Michael Boccadoro.

12 MR. BOCCADORO: Thank you, Michael Boccadoro
13 with The Dolphin Group, appearing today on behalf of
14 Biofuels Pt. Loma Project in California.

15 For those of you who aren't familiar, I want to
16 give a little bit of background so I can ask a fairly
17 straightforward question. It sounds like it may apply
18 to one of the facilities that Chuck mentioned, that
19 Waste Management has, as well.

20 The Pt. Loma Project is one of only a handful of
21 in-state biomethane injection projects operating in
22 California today. In large part that's because we've
23 been somewhat collateral damage in this whole
24 contracting issue.

25 The project began injecting prior to March 29,

1 2012. However, it's not -- excuse me, it is injecting
2 into a common carrier pipeline in California, but it is
3 not currently under procurement with a POU or retail
4 seller. So, it's not under contract. It is being used
5 exclusively for distributed generation.

6 It's taking biogas from the Pt. Loma Wastewater
7 Treatment Facility, cleaning, conditioning, and
8 injecting that into San Diego Gas and Electric Company
9 pipeline. It's being used on-site for the facility and
10 offsite at two distributed renewable generation fuel
11 cell projects in San Diego area.

12 The concern is that as this contract for
13 distributed generation runs its course that we will be
14 precluded, under the way the Guidebook is currently
15 drafted, from ever entering into a biomethane
16 procurement contract with a retail seller or POU under
17 the going-forward conditions, irrespective of whether or
18 not we meet those conditions.

19 Is that staff's interpretation?

20 MR. HERRERA: Yeah, let me just say, jump in for
21 Kate, but not only is it the Guidebook interpretation,
22 but that is kind of, I think, one of the downsides of
23 the provisions in the statute, which tended to be so
24 very constrained and the Legislature wanting to limit
25 the eligibility of biomethane that language was used

1 that was not careful to address your situation.

2 And I've met with staff to talk about this
3 particular issue and trying to figure out how we can
4 interpret the statute, you know, in a way that
5 supported, but without torturing it to allow you guys to
6 qualify and, frankly, we're not there.

7 MR. BOCCADORO: I'm not sure it's torturing it.
8 We think there are a couple of ways you could address
9 that issue. We're fairly clear, I believe, because I
10 worked extensively not on the existing contract
11 provisions because I didn't have any clients in that
12 realm, but I worked extensively with staff on the
13 environmental requirements and other things going
14 forward. And, you know, as late as the last day of
15 session when major amendments to this statute were being
16 made, we're in discussions with Commissioner Peterson's
17 advisor at the time, and Ms. Zocchetti and the
18 Governor's Office.

19 I am fairly certain it was not the Legislature's
20 intent to penalize projects that we're seeking to
21 encourage in California.

22 Pt. Loma is a great example of the types of
23 projects the Legislature has made it clear they'd like
24 to see going forward. Projects that can put biomethane
25 into a pipeline and do it in a way that it provides

1 additional environmental attributes and benefits to the
2 State of California and its residents.

3 Why we would, you know, unfairly want to
4 preclude them from being able to enter into a
5 contract -- so, I think there are some ways without
6 torturing the legislative statute or the intent that
7 that issue -- the statute deals with procurement
8 contracts. Adding those words to this -- to the
9 appropriate sections, on page 33, that it's biomethane
10 that was put in a pipeline prior to March 29th, under
11 existing procurement contracts, would seem to go a long
12 way to solving that.

13 If that's not, you know, an option, then
14 possibly just specifying that contracts that were under
15 strictly a DG type of engagement prior to were not, you
16 know, subject to the requirements of 2196.

17 But it would seem completely unfair to in any
18 way unfairly position these companies that were first in
19 California to be doing something that we think is
20 beneficial, and precluding them from being able to
21 participate fairly in the marketplace going forward.

22 If that's the message the regulatory agencies
23 want to send, it's just going to exacerbate the problem
24 that we've had getting this industry going in the State.

25 The risk associated with these projects, because

1 of the regulatory environment in California, is huge.

2 And as a result, the financing costs are exorbitant.

3 And this sort of after-the-fact treatment goes a
4 long way to worsening that situation to the point where
5 we're never going to get this industry going in the
6 State, and that's a shame.

7 So, if nothing else, you know, we would like to
8 engage in a discussion over the next week, prior to
9 comments being filed, as to ways that we can seek to
10 address this problem because it needs to get addressed.
11 I'm certain it was not the Legislature's intent to hurt
12 in-state California projects that are doing exactly what
13 we want them to be doing.

14 MR. HERRERA: Well, I don't disagree. I don't
15 think anybody here on this table with Kate disagree with
16 your position, Mr. Boccadoro. I'm just saying that, you
17 know, the provisions in the statute are pretty clear
18 with respect to RPS.

19 But I would be more than happy to sit down with
20 you and go over it. I am kind of interested on your
21 perspective if, for example, the Energy Commission
22 decides that biomethane procurement contracts, however
23 those are defined, are different than biomethane
24 directed contracts that do the same thing, provide for
25 the sale of biomethane and delivery through a common

1 carrier pipeline. I mean, if they're doing the same
2 thing, let's call the duck a duck.

3 And if you do allow that, will that then allow,
4 perhaps, out-of-state providers to come in under the
5 same basis?

6 MR. BOCCADORO: No, because --

7 MR. HERRERA: If we're saying directed
8 biomethane contracts our outside the scope of these
9 provisions in AB 2196, does that mean that they can come
10 in without these safeguards that the Legislature put in
11 place to try to --

12 MR. BOCCADORO: Well, we have a whole host of
13 provisions that new contracts have to meet, that I think
14 the Legislature has said if you can meet those
15 requirements, that's the sort of project that we're okay
16 with. That's the policy direction.

17 MR. HERRERA: Right.

18 MR. BOCCADORO: Our project can meet those
19 requirements. I'm guessing Chuck's project, in state,
20 can meet those requirements.

21 To suggest, you know, that you're one and out
22 because you're only allowed one contract, I mean, I
23 think under the Guidebook we'd be able to use a directed
24 pipeline to deliver that gas to a facility and be okay.
25 It's only the injection into a common carrier pipeline

1 that would seem to toss us out.

2 And again, if that's the message that's being
3 sent that's, you know, a message of we want you to be
4 entirely inefficient and go build a dedicated pipeline
5 when there's an existing common carrier pipeline
6 available to you, so that you can effectively
7 participate in the marketplace.

8 That doesn't make sense, either, in that
9 respect.

10 So, I think we would very much appreciate
11 sitting down with you and Ms. Zocchetti to see if we
12 can't find a way to not torture the language that the
13 Legislature intended, but stay consistent with the
14 intent.

15 So, we'll work with Ms. Zocchetti to see if we
16 can't find a time.

17 MR. HERRERA: Yeah, that would be great.

18 MR. BOCCADORO: And we can get the Biofuels Pt.
19 Loma attorneys engaged in a direct discussion.

20 I did also want to just quickly follow up on the
21 point that Chuck raised earlier about the certification
22 issue. Again, you know, I'm thinking about this from
23 the standpoint of new projects coming online. And, you
24 know, when you're developing a project, a biomethane
25 project, you have to have a contract, a procurement

1 contract in hand to be able to justify the expenditure,
2 whether you're a public agency, wastewater treatment
3 facility, or a private development company.

4 That's going to be impossible to negotiate if we
5 do not know in advance that the project is going to
6 comply with -- you know, is going to be -- biomethane
7 use for energy generation has a much more valuable price
8 than biomethane being utilized for some other purpose.
9 And so it's critical that we know up front, or we're not
10 going to be able to enter into any kind of a procurement
11 program going forward.

12 So, we're going to have to find a resolution to
13 that issue, I think, going forward.

14 And then the final comment I wanted to offer
15 focuses on the -- and bear with me, I believe it's slide
16 59. It focuses on the word "all renewable and
17 environmental attributes associated with production
18 capture." Again, I think the word "all" may be slightly
19 broader than what we're looking for here.

20 "All" would imply to me, when you add the words
21 "production, capture and injection," I think that's
22 inconsistent with the way that issue has been
23 interpreted at the Public Utilities Commission.

24 I'll use a dairy biogas project as an example
25 for you. Under the procurement contracts that have been

1 done with dairy projects, greenhouse gas credits
2 sufficient to offset the energy generation at the
3 directed facility are provided along with the sale. All
4 the other capture and destruction credits remain with
5 the dairy.

6 And so I'm concerned, when I see the word "all"
7 there, that we're -- and the words "capture" in the same
8 sentence, a little bit over and beyond what has
9 traditionally been required under the procurement
10 contracts.

11 MS. ZOCCHETTI: Michael, if I could address
12 that. And, you know, this is one of the conundrums
13 about PowerPoint slides when you summarize things.

14 MR. BOCCADORO: Okay.

15 MS. ZOCCHETTI: We tried to make the distinction
16 between what you're discussing here, that the last
17 bullet talks about the greenhouse gas reductions, and
18 that is --

19 MR. BOCCADORO: Okay, great, the two are
20 inconsistent, yeah.

21 MS. ZOCCHETTI: They are. Yeah, they are two
22 separate attributes, sets of attributes. What that one
23 was trying to get at and, you're right, the statute
24 talks about sufficient --

25 MR. BOCCADORO: Sufficient.

1 MS. ZOCCHETTI: -- attributes shall be
2 transferred such to make, you know, net zero emissions
3 at the generating facility.

4 I didn't put that language here because that
5 tends to make everyone have heartburn because they think
6 their generating facility can't emit any emissions --

7 MR. BOCCADORO: Right.

8 MS. ZOCCHETTI: -- can't emit any pollutants.
9 And so I tried to summarize it here and I failed
10 miserably.

11 MR. BOCCADORO: Well, I appreciate that
12 clarification. That solves that problem.

13 MS. ZOCCHETTI: Sure, okay.

14 MR. BOCCADORO: We'll look forward to working
15 with you on the other two.

16 MS. ZOCCHETTI: Yes.

17 MR. BOCCADORO: And so you'll be hearing from me
18 shortly about scheduling something. Thank you.

19 MS. ZOCCHETTI: Good. E-mail is best.

20 MR. BOCCADORO: Understood.

21 MS. ZOCCHETTI: Okay, thank you.

22 Valerie Winn.

23 MS. WINN: Good afternoon, Valerie Winn with
24 PG&E. I do appreciate the clarification that you just
25 had on the renewable and environmental attributes. That

1 was certainly one that concerned us as well because, you
2 know, the language in our CPUC-approved contracts very
3 specifically define, you know, renewable energy credits
4 or green attributes, and are very specific about what's
5 conveyed, so the clarity on that issue is appreciated.

6 The second thing that we have a little bit of a
7 question on is back on slide 58, and that's the question
8 of demonstrating the physical flow of biomethane, that
9 at least 50 percent on an annual basis is towards
10 California.

11 And, you know, our gas operations guys are still
12 looking at that, but we realize that there are some
13 situations, though, particularly if, say, there was
14 biomethane coming from Texas that the biomethane may
15 enter the system and it might move south, and then east,
16 and then it might move to the west.

17 And so I'm wondering if we're creating, you
18 know, unnecessary complexity in how we're going to have
19 to, you know, verify that the flows are all coming
20 towards California.

21 MS. ZOCCHETTI: So, it doesn't all have to but
22 we're trying to put -- I mean, we struggled with this as
23 well. As you know, we put the question out in our
24 concept paper about this, how do you demonstrate.

25 So, if I may, I'll just read the statute, the

1 statutory requirement.

2 MS. WINN: Okay, uh-hum.

3 MS. ZOCCHETTI: "The source of biomethane" --
4 this is for the new contracts -- "injects the biomethane
5 into a common carrier pipeline that physically flows
6 within California or toward the generating facility for
7 which the biomethane was procured under the original
8 contract."

9 So, toward the facility, so you mentioned toward
10 California and it's actually toward the facility. Maybe
11 it's the same thing.

12 So, how do we -- you know, how would you suggest
13 we demonstrate that?

14 MS. WINN: Well, I think part of it is just kind
15 of considering we're going to have to look at the
16 pipelines, themselves, and how do they flow. I mean,
17 for example, the example that I was given was, say, if
18 we have San Juan production that might move east over
19 what my gas guys, and I'm not the gas expert, but it
20 might move east over a north crossover line, and then go
21 south on the southern main line and flow to California.

22 So, if you have to demonstrate that it's
23 physically flowing toward the facility, well, it
24 ultimately might be, but the pipeline is not structured
25 in a way that shows, you know, it's not this -- sorry

1 for people who are listening. But it's more of, you
2 know, you go around the roundabout and then take the
3 exit.

4 MS. ZOCCHETTI: And I think that's what we were
5 trying to get at with this more than half the time. And
6 I'm not sure how we're going to figure that out. How
7 many, you know, degrees east, plus north, plus west adds
8 up to 51 percent, but we're going to have to try to put
9 meaning to what the Legislature appears to want to do.

10 Is to, you know, for all intents and purposes
11 the gas is actually being used at the facility. As you
12 recall, that was the big concern over our allowance in
13 the past, you know, that there was no way that that
14 molecule could get to California in a lot of cases or
15 there just was no -- there was just no, you know, no
16 assurance that it was being used at that facility.

17 And it seems like they're trying to make that
18 happen and so I think it's incumbent upon us to try
19 to -- we're going to have to, you know, restrict the
20 flow in some way.

21 And so, that is one of the things -- you know,
22 we came up with the best that we could, and looked at
23 your comment. If there's still more thinking on that,
24 we'd welcome your thoughts on how we could -- we need
25 something that can be documented. Something that can --

1 you know, that makes a reasonable criteria, that has a
2 documentation to demonstrate that it's met.

3 MS. WINN: Okay.

4 MS. ZOCCHETTI: And that gets to the intent of,
5 first, the true reading of the statute. And if that's
6 unclear, then at least the intention of what we think.

7 MS. WINN: Okay, thank you.

8 MS. ZOCCHETTI: That's my lawyer hat and I don't
9 really have one, so sorry, Gabe.

10 MR. HERRERA: That's fine.

11 MS. ZOCCHETTI: Thank you.

12 MS. WINN: One other thing I'm curious about is
13 the need to submit a new application for facilities that
14 have already been certified. Can you explain a little
15 bit about why that is being required, just because it
16 creates additional burden for our folks.

17 MS. ZOCCHETTI: And for us.

18 MS. WINN: And for you, too, that's correct.

19 MS. ZOCCHETTI: Not that we wanted to do that.

20 Yes, someone asked me that at the break and,
21 believe me, I was on your side of this argument, not
22 that it was an argument.

23 But because these new rules really apply to not
24 only pipeline biomethane -- I know this is a little
25 broader than your question in scope but, unfortunately,

1 for the landfill guys and the digesters that use the gas
2 on site, or through a dedicated pipeline, they also need
3 to reapply, even if they've been certified for eight
4 years.

5 Because going forward they have to demonstrate,
6 particularly, these things about the attributes. And we
7 didn't ask those questions back when they were
8 certified.

9 So, we just thought rather than -- so, it means
10 that we're not applying these retroactively, like if you
11 didn't have that in your term and conditions then, you
12 know, that we're going to pull your RECs.

13 But going forward we need to apply this new law,
14 now, that applies -- that has defined biomethane as
15 landfill gas and digester gas, regardless of how it's
16 delivered.

17 So, also because this statute does have
18 retroactive applicability, as in the existing contracts,
19 we felt that we needed to apply it that way as well. So
20 that going forward not only the new folks, but the
21 current ones that are all certified as RPS, will be
22 meeting the same standards of making sure those
23 attributes are transferred appropriately.

24 MS. WINN: And I guess I have a question for our
25 CPUC colleague who is on the RPS team about whether we

1 need to relook at that non-modifiable term and condition
2 that might be in contracts before the CPUC. Right,
3 about the attributes that get conveyed.

4 Sorry, I guess I'm -- I just want to make sure
5 that we're not stuck in a place where we're required to
6 have a non-modifiable term in a contract that the CPUC
7 approves, but then we're not meeting the standard that's
8 articulated in the Guidebook.

9 MS. ZOCCHETTI: Gottcha.

10 MS. WINN: So, we need to make sure that we're
11 not caught in a regulatory gap there.

12 MS. ZOCCHETTI: So that language there, though,
13 is CPUC language, the net zero emission one does
14 reference the CPUC, or as it later might be modified.
15 That's not the same as the marketing, and regulatory,
16 and retail claim for the methane destruction.

17 I'm hearing from stakeholders that that isn't
18 really an issue, anyway, because folks aren't doing
19 those kind of deals.

20 If that is an issue, we will definitely, you
21 know, want to hear about it. But I don't -- hopefully,
22 it's not, but let us know if it is.

23 MS. WINN: Okay, thank you.

24 MS. ZOCCHETTI: Yeah, we definitely don't want
25 to be at odds with the CPUC on that.

1 Bawa?

2 MR. BAWA: It's Gurcharan Bawa with Pasadena
3 Water and Power.

4 And I want to thank you once again, Kate, and
5 Gabe, and your staff. You've done an excellent job.

6 Certainly, we like the portion that this process
7 is moving ahead to bring some of the issues to some
8 level of certainty.

9 And I have some questions, mostly clarification.
10 I think Christina said that reported -- one of the
11 requirements is for the existing contracts, and this is
12 also stated on page 35 -- I'm sorry, on page 29, it's
13 subsection A, where it talks about the biomethane
14 procurement contract was reported to the Energy
15 Commission before March 29th, 2012 in connection with
16 the application for RPS certification or
17 precertification and that goes on.

18 And based on what Christina said I think it's,
19 and I'm seeking clarification here, it's the
20 understanding -- is it your understanding that if a
21 precertification or certification application was filed,
22 and whatever information was asked in the application
23 that was provided, that satisfies this requirement?

24 MS. ZOCCHETTI: I think the answer would be yes,
25 as long as it was a complete application that, yes,

1 provided everything that we were asking for.

2 MR. HERRERA: So, I guess one point, Bawa, what
3 if there was an application that was reported, but it
4 wasn't complete, for example, and the sources weren't
5 identified, or the quantities, or the term, that kind of
6 information? Somehow we would need to clarify that to
7 make sure that going forward that the quantity of
8 biomethane under those existing contracts wasn't somehow
9 expanded in a way that violated what 2196 says.

10 MR. BAWA: Sure, that's a good point. But in
11 many cases the facility was certified so I'm assuming --
12 or precertified, so I'm assuming all the information was
13 provided so, which is the case with Pasadena.

14 So, I think you may consider some clarification
15 of that language so it takes away some of the
16 uncertainty.

17 I also have a question related to what Chuck
18 had. The -- where you have provisions where you need
19 to -- you set kind of timeframe for the biomethane
20 contract and also PPA/ownership contract dates.

21 We've certainly done few biomethane contracts
22 and I've seen many contracts done by others. Usually,
23 the attribute portion is covered in the biomethane
24 contract.

25 Now, it would be covered in the PPA if somebody

1 was to buy an energy that was generated by biomethane,
2 then PPA would address that type of situation.

3 But I think here a lot of focus is on the
4 biomethane contracts, themselves. So, for instance, if
5 Pasadena owns and has certified, let's say, five
6 electric generating facilities for a particular source
7 of biomethane and these are owned facilities by
8 Pasadena, then we would not have anything in terms of
9 ownership documents to show that it was contemplated 40
10 years ago that we would be burning biomethane. Okay.

11 And the way the language is written, somebody
12 could interpret it that way.

13 And then, as it was pointed out earlier, our
14 contracts are post-June 1st, 2010 for biomethane, and
15 the facilities have been in operation before that date.
16 So, if your intention is just to make sure that
17 contractually, in the biomethane contracts, we have
18 language that attributes to having all of the
19 environmental attributes transferred to the buyer that
20 can be demonstrated easily through the biomethane
21 contracts. But we would not have anything in terms of
22 PPA or ownership to show you.

23 MS. ZOCCHETTI: I think that's fine.

24 MR. BAWA: Okay. We also have, I think, about
25 seven- or eight-year-old biomethane, these are

1 electrical PPAs for onsite generation of landfill to
2 renewable energy projects.

3 I'm not quite sure, our staff is checking if
4 they are certified by CEC or not, but they certainly
5 meet the definition of whatever requirements you have
6 because they're onsite, they've been there for a long
7 time.

8 Would they have to also submit certification
9 applications now?

10 MS. ZOCCHETTI: Yes.

11 MR. BAWA: Okay. And it creates a little bit of
12 a difficulty for us when we sign the contracts, and some
13 eight years ago, you know, a lot of these things were
14 not talked to. It's clearly a renewable energy
15 contract. It has a lot of provisions to make sure that
16 we get the renewable energy. But the focus is whatever
17 they generate, they deliver to us.

18 I'm not quite sure the contracts really go into
19 the detail of saying all of the attributes belong to us
20 as a buyer of electricity projects. So, it would be --
21 I think it would be a bad policy if those contracts now
22 become ineligible.

23 I realize they would be counting full,
24 otherwise, because they were signed a long time ago, but
25 we want to make sure that there's nothing that would

1 make them even not to count, as count in full.

2 MS. ZOCCHETTI: So, I think we've thought that
3 that might be the case where, you know, a lot of
4 contracts were signed before the RPS was a gleam in the
5 Legislature's eye. And, you know, if you would let us
6 know if you fall in this category and, you know, suggest
7 how we might be assured that those environmental --
8 whatever makes it renewable is actually going to the
9 buyer and, ultimately, to the POU for retirement in the
10 REC.

11 Otherwise, it's -- well, you know, it's an easy
12 way to see if it is in the contract terms and
13 conditions. If it's absent there, you know, I think our
14 initial thought is we could ask you to attest to it.
15 But we'd also want -- are you saying, Bawa, that
16 Pasadena owns -- did you say owns these digesters? No.
17 It's a contract, it's an old contract.

18 MR. BAWA: Power purchase contracts.

19 MS. ZOCCHETTI: So, we would probably want the
20 landfill or the digester owner to attest that they are
21 not transferring those attributes elsewhere. And you're
22 assuming you're getting them because it's a renewable
23 fuel and, you know, you're getting the RECs, and once it
24 gets certified it will be RPS eligible, so long as we
25 can be assured that you are getting those attributes and

1 that the digester owner isn't selling them elsewhere.

2 So, at a minimum, we would want an attestation,
3 which we do currently in our process. You know, the
4 source has to attest, the pipeline owner, you know,
5 everyone along the chain until the REC is retired.

6 So, at a minimum, we would still be doing that.

7 MR. BAWA: Okay.

8 MS. ZOCCHETTI: If you have any other
9 suggestions for how we might be more assured that you're
10 getting those attributes, we'd appreciate hearing more.

11 MR. BAWA: Well, they have been getting
12 transferred to our WREGIS account. I need to research a
13 little bit more.

14 MS. ZOCCHETTI: Right.

15 MR. BAWA: If the facilities are certified or
16 not.

17 Well, those are the comments I have. I mean, I
18 have a lot of things to clarify, but maybe we'll submit
19 our comments to you.

20 MS. ZOCCHETTI: Thank you.

21 MR. BAWA: Thank you very much.

22 MS. ZOCCHETTI: And you can always give us a
23 call, as well, and we can chat.

24 MR. BAWA: Sure, thank you very much.

25 MS. ZOCCHETTI: Thank you, Bawa.

1 Jed Gibson.

2 MR. GIBSON: Hi, Jed Gibson for PacifiCorp.

3 Just a clarifying question so, basically, any biomethane
4 facility will need to submit a new application for
5 certification regardless of whether they've been
6 certified before, regardless of whether they are under
7 an existing contract or not it applies equally across
8 the board to everybody. Okay.

9 And then for any procurement that was undertaken
10 prior to that application going in, how would those RECs
11 be treated? Do we need to wait for a facility to be
12 certified under this new application before we can
13 retire those and apply them to the years in between
14 or --

15 MS. ZOCCHETTI: I'm seeing nods. I was going to
16 say no, I don't think so, but -- because it's certified
17 now, correct?

18 MR. GIBSON: Correct.

19 MS. ZOCCHETTI: You have to push the button,
20 Christina. There you go.

21 MS. CRUME: To make sure that all of the
22 facilities meet all the requirements we need all the
23 facilities to reapply within 90 days, but it's also
24 mentioned in the Guidebook that those facilities that
25 fail to apply will be suspended until they reapply and,

1 you know, make sure that they meet all those
2 requirements.

3 There's also a special carve out for what to do
4 when the facility -- for the eligibility, when it used
5 to meet requirements, but it doesn't not meet
6 requirements right now, and it's more clear in that area
7 where it is. I'm not sure, for the retroactive state of
8 this bill, how far back that reaches and what to do with
9 those retired RECs.

10 MS. ZOCCHETTI: Are you coming up to a 36-month
11 or is there a reason that maybe it could wait?

12 MR. GIBSON: Yeah, it's more of just a
13 clarification on my part, I'm not --

14 MS. ZOCCHETTI: Yeah.

15 MR. GIBSON: I'm still kind of going up this
16 biomethane curve myself.

17 And do you know if any sort of notification will
18 be sent to any of the biomethane facilities, telling
19 them that they need to submit this or is it -- this is
20 the notice right now?

21 MS. ZOCCHETTI: You know, I think we haven't
22 really crossed that road, yet. We're trying to gear up
23 for receiving these new applications and we want to
24 process the ones that have been in the queue, pending
25 since last year, first.

1 So, I don't think we've quite thought through
2 all how that process will go.

3 MR. GIBSON: Okay, thank you.

4 MS. ZOCCHETTI: Thank you.

5 Tim Tutt.

6 MR. TUTT: Good afternoon, Kate, and everybody.

7 I'd first like to thank you for continuing to
8 follow the policy in the draft Guidebook that any
9 amendment signed to a contract prior to March 29th is
10 considered under AB 2196, as part of the original
11 contract. We appreciate that continued policy.

12 And to thank you for the movement that we've
13 seen on what is meant by "reported to" in here, and it
14 doesn't require any longer a completed application for
15 certification or precertification. So, thank you for
16 those.

17 We do have some issues or some questions that
18 we'd like to ask. And, first, you know, I'd like to ask
19 what's the rationale about changing the position about
20 whether one can switch designated generating facilities
21 for these pre-March 29th contracts?

22 As I read AB 2196, it never mentions facilities.
23 It always talks about sources of biomethane going into
24 the process.

25 And in relation to that question, I guess I

1 could have you answer the question, but what does one do
2 if one's designated facility has a long outage for some
3 unforeseen reason? Do we just forego the use of the
4 biomethane for that period? Is that what's envisioned
5 by the policy here?

6 And what would happen if, in some instance, I
7 won't mention any particular instance, we have a
8 reported to -- a situation where we have reported the
9 biomethane source to you, but have not designated a
10 facility? Where do we fall in that case?

11 And, first, why the facility, because it doesn't
12 seem to be in AB 2196?

13 MR. HERRERA: Right. So, Tim, I guess we were -
14 - you know, when we -- the language, "reported to" in
15 the Guidebook, we said it was reported to in connection
16 with an application for RPS certification or
17 precertification. So, it's not just that you reported
18 the gas to us. You know, it's that it was reported in
19 connection with the certification of a facility, one
20 perhaps was already certified, or pre-certified
21 facility, not just some unconnected.

22 Right, and if that's the basis for the Energy
23 Commission in applying provisions of A, that it's a
24 particular facility, it makes sense to limit, you know,
25 the certification, the use of the biomethane to that

1 particular facility.

2 MR. TUTT: Okay, can --

3 MR. HERRERA: We also went back and we were
4 looking at some of the legislative intent and there was
5 a lot of last-minute changes, and scrambling, and a lot
6 of things happened in the last week before this thing
7 was enacted, and it looked like there was at least some
8 initial consideration of biomethane switching -- or I
9 should say switching of the biomethane from one facility
10 to another, and it looked like it was not accepted or
11 rejected.

12 And we're trying to understanding and trying to
13 give -- you know, we're trying to give consideration of
14 that, as well, that it looks like maybe that was
15 considered and rejected by the Legislature.

16 MR. TUTT: Okay, it's possible that it was
17 considered and not included by the Legislature, but it
18 could have been not included because it was found
19 unnecessary since AB 2196, on its face, doesn't mention
20 facilities and presumably could have been interpreted
21 and could be interpreted to allow switching of
22 facilities in many of these circumstances.

23 And if you want to move it to a more efficient
24 facility, if a facility goes down, if you don't have a
25 designated facility, in a case where you might have

1 reported the biomethane source or contract to the Energy
2 Commission in connection to an application for
3 certification, but never followed through on that
4 application, and so don't really have that facility
5 designated.

6 We still think that the pre-March 29th contract
7 in AB 2196 applies.

8 MR. HERRERA: Is SMUD in that situation where
9 they've got facilities that weren't identified or that
10 were -- I mean --

11 MR. TUTT: Well, we'll have to take a look at
12 that and understand.

13 MR. HERRERA: Okay. And with respect to, you
14 know, the facility going down and not being able to use
15 the fuel, how is biomethane as a fuel different than,
16 say, biomass if your facility goes down and you're not
17 able to use the fuel you've built upon site. I mean,
18 you can store it and use it at a later time, right?

19 MR. TUTT: Biomethane is --

20 MR. HERRERA: Is that a possibility as well? I
21 mean, are there storage possibilities?

22 MR. TUTT: It can be stored, but it also is a
23 fuel that can be moved from facility to facility. And
24 so because it has that aspect doesn't mean that it
25 shouldn't -- that it should be constrained to not doing

1 that. I mean, it does have that capability.

2 I'd encourage you, and we'll provide written
3 comments, to take the facility restriction back out. I
4 don't think it's justified by the law.

5 Second, I wanted to ask about the definition of
6 a dedicated pipeline in the Guidebook. And the question
7 I have is does this cover a situation where one entity
8 owns a pipeline, that more than one generation facility
9 might be connected to that entity's pipeline, but no
10 other users are on the pipeline, and you have a
11 situation where biomethane is being injected from a
12 specific source and designated for use at a specific
13 source on that pipeline does that meet the definition in
14 the Guidebook for a dedicated pipeline, or not?

15 MS. ZOCCHETTI: No, it does not.

16 MR. TUTT: Then I guess in our written comments
17 we'll talk again about the rationale for that because we
18 fail to understand exactly where that comes from. We
19 clearly do not, in SMUD's case a common carrier
20 pipeline, by Federal laws and regulations. So, we see
21 it as a dedicated pipeline and we think it's feasible to
22 interpret it as a dedicated pipeline.

23 With respect to the issue of all of the existing
24 landfill gas, and digester gas, and biomethane contracts
25 having to reapply and provide additional certification,

1 additional information, meet additional requirements,
2 there's some chance in those circumstances that those
3 facilities would become ineligible for the RPS. And,
4 yet, AB 2196.A.1 in general says that, "Any procurement
5 contract for biomethane, including the landfill gas and
6 digester gas, that was signed prior to March 29th shall
7 be eligible for the RPS under the rules in place at the
8 time."

9 It sounds like you're making these facilities
10 that by AB 2196 should be eligible, go through new hoops
11 and potentially become ineligible. How do you treat
12 that, how do you feel about that?

13 MR. HERRERA: So, I guess that's not what we
14 intend to do, Tim. And what we're trying to do by
15 applying these other provisions in 2196 -- I mean, there
16 are provisions in the statute that clearly apply to
17 biomethane delivered through a common carrier pipeline.

18 Then there are provisions that do not mention
19 common carrier pipelines and that we interpret to mean
20 applies to any biomethane use on site, a dedicated
21 pipeline, common carrier pipeline. And so what we've
22 done in the guidebook and in the concept paper is try to
23 give meaning to the provisions by applying it to all.

24 Now, I mean I guess I would be interested to
25 find out if there are any facilities, like you're

1 suggesting, that qualified before and now because they
2 have to reapply they may not satisfy that requirement.

3 I mean, do they not satisfy the new requirements
4 because they've been disposing of the biomethane
5 attributes separate from the gas? In which case, then,
6 they should have never qualified.

7 So, I mean, I guess I find it hard to think that
8 there's going to be some that qualified before and now
9 don't qualify just because we're asking them to certify
10 that they're complying with these new requirements in
11 the statute.

12 If that's an issue, I think we should probably
13 meet and talk about it.

14 MR. TUTT: Well, if the --

15 MR. HERRERA: Or if there's a better way maybe
16 to address compliance with these new requirements, other
17 than the submission of a new application form, with all
18 the attestations and stuff, I mean, maybe we should
19 think about that as well.

20 MR. TUTT: Right. I just think it's possible to
21 read AB 2196 as saying anything before March 29th falls
22 under the old rules. And even those provisions that
23 don't specifically say common carrier pipeline going
24 forward could also be interpreted under those rules.
25 Anything before March 29th you just don't have to get

1 new certifications for, you don't have to go through the
2 process of trying to understand how it shoehorns into
3 the new rules because it should comply under the old
4 rules, and that seems reasonable to me.

5 On the count-in-full language in the Guidebook
6 it talks about various, and other people have brought
7 this up, PPAs and contract signing dates.

8 I was wondering why part of the language there
9 includes a phrase that says that biomethane must be
10 delivered or -- delivered for generation prior to June
11 1st, 2010?

12 MS. ZOCCHETTI: Can you direct me to a page
13 or -- no, huh?

14 MR. TUTT: I think it's page 34, but I'm not
15 sure.

16 MS. ZOCCHETTI: Okay.

17 MR. TUTT: I don't know. It's those three
18 bullets that I was talking about.

19 MS. ZOCCHETTI: Oh, the three examples that were
20 raised earlier? Oh, okay.

21 MR. TUTT: And it's the third example or the
22 third bullet. And there's a phrase in there that talks
23 about biomethane being required to be delivered prior to
24 June 1st, 2010.

25 I don't read that in the statute so I'm

1 wondering if there's a question there.

2 MS. CRUME: This is more just trying to help
3 identify the buckets versus the count-in-full -- or,
4 sorry, the count-in-full versus the PCCs.

5 So, in order for the biomethane contracts and
6 the PPA to be before June, it would mean that both had
7 to be together in order to be count-in-full, and that if
8 both were after, they would be the PCCs.

9 That's why the biomethane had to be injected
10 before June 1st, 2010, because in order for the facility
11 to be eligible it had to be using the eligible resource.

12 Does that make sense?

13 MR. TUTT: Well, the facility could be eligible
14 because of a preexisting injection or reception of
15 biomethane. So, it could be an eligible facility, but
16 there could be a new contract signed prior to March
17 29th, which is the date required by law, that doesn't
18 inject biomethane until sometime in the future, even, by
19 April 14th.

20 MS. CRUME: Uh-hum.

21 MR. TUTT: And so that facility, presumably,
22 could be called count-in-full. I'm just worried that if
23 you have that injection requirement, which isn't part of
24 the law, it might end up moving a facility into the new
25 rules, which we wouldn't find appropriate.

1 MS. CRUME: For these it's not the pre- or post-
2 March. This is just trying to clarify the PCC versus
3 count-in-full.

4 MR. TUTT: So, if the biomethane doesn't get
5 injected until after June 1st, 2010 it becomes a PCC?

6 MS. CRUME: Yes.

7 MR. TUTT: Okay.

8 MR. HERRERA: So, hold on, Tim, I don't think
9 so. Maybe I don't understand your question but it seems
10 to me that if you have a biomethane procurement contract
11 that was executed before June 2010 and you've got an
12 electricity procurement contract before that time then
13 it seems to me that's count-in-full.

14 And what these examples right here, on page 35,
15 are intending to do is, you know, draw the line between
16 what's count-in-full and what is PCC.

17 And, you know, as we've mentioned with Chuck, it
18 looks like maybe we didn't get it quite right with
19 respect to utility ownership but --

20 MR. TUTT: We have a procurement contract signed
21 before that date and a power purchase agreement,
22 obviously --

23 MR. HERRERA: Right, right.

24 MR. TUTT: -- well before that date. But in
25 that particular contract the gas is not flowing, yet.

1 MR. HERRERA: But it was executed before June
2 2010?

3 MR. TUTT: Yes.

4 MR. HERRERA: Okay.

5 MR. TUTT: And I don't see a gas flow
6 requirement for that count-in-full determination so
7 that's why I was bringing it up.

8 MR. HERRERA: Okay.

9 MR. TUTT: With respect to the PCC status,
10 people have mentioned this earlier, before, and we've
11 talked about it in the Verification Workshop, and a
12 variety of places, I still fail to understand why you
13 can't provide a PCC determination as part, even of a
14 certification, and then make that an auditable
15 requirement as you turn in your verification papers.

16 So, you have a category one facility, you say
17 it's category one. When somebody sends in the data for
18 verification and you're looking, then, for whether or
19 not the facility remains bundled and you say, oh, it's
20 still category one, fine.

21 But if it has been unbundled in some fashion,
22 which is the concern that we've been saddled with by the
23 way the law is implemented, then you say, okay, I'm
24 sorry, this is category three.

25 But it really would benefit the market to have

1 that up-front determination and I would really encourage
2 you to try to find a way to make it there.

3 MS. ZOCCHETTI: I guess I would just -- I really
4 don't think it's an implementation issue. It seems to
5 be the way the statute is written to where I don't see
6 how it can -- that can be made until after the -- what I
7 don't want to see is if we did something, you know,
8 which in my view would be premature, but let's say we
9 said, you know, bucket one light or something.

10 And then, you know, you have your transactions
11 and it turns out, as Gabe's example, that then it was
12 unbundled.

13 I think that would be bad for everybody. That
14 would be bad for the market. It would just add huge
15 uncertainty. It would be bad for the Energy Commission.

16 MR. TUTT: Well, it certainly is -- it would be
17 bad to have reversals, I agree.

18 But as you've heard before and today, it's bad
19 to not have the certainty as you're going through the
20 contracting and the procurement process.

21 So, I mean, call it PCC 1 light and include in
22 it a provision that this is PCC 1 if it remains bundled
23 and only if it remains bundled, if you wish, or
24 something like that. But at least give the up-front
25 certainty and then deal with those, hopefully, unusual

1 circumstances where somebody doesn't realize what
2 they're doing under the way the law is being
3 implemented, and unbundles it, and still thinks it's
4 category one.

5 If they have it in black and white in the
6 certification this has to remain bundled, they should
7 have been given a buyer -- a warning that they can't do
8 that, anyway.

9 MR. HERRERA: So, Tim, could the -- you know,
10 could the POU or the retail seller, can they include
11 agreements -- well, I guess it would be the biomethane
12 supplier, could they include terms in their contracts
13 that make sure that the POU or retail seller doesn't
14 take any action that would affect the PCC designation of
15 the use of the biogas? I mean, wouldn't --

16 MR. TUTT: I presume that you could have those
17 terms in your contract, yeah.

18 MR. HERRERA: Okay, one other --

19 MR. TUTT: And it's obviously broader than
20 biomethane is, you know, solar, wind, and everything
21 else.

22 MR. HERRERA: One other point to move on, this
23 issue was kind of like the precertification thing.

24 MR. TUTT: Yes.

25 MR. HERRERA: Which, you know, the Commission

1 has done at the suggestion of industry, but it really
2 doesn't have any teeth because it's just kind of an
3 initial lead at the time, you know, based on
4 information, sometimes very limited information on the
5 facility's eligibility, which could change. And, yet,
6 people want to use that precertification to mean
7 something more than it really is in securing contracts
8 and securing financing.

9 And it kind of sets the Commission up in this
10 odd situation where we're giving some initial read that
11 is given more value than it actually should be, which I
12 think could be a problem.

13 So, I mean, I think that's something that the
14 Commission needs to consider, the same thing, you know,
15 if it wants to go down the path of providing some sort
16 of tentative PCC designation thing that they consider
17 that as well.

18 MR. TUTT: Yeah, I agree that's an issue and
19 we've comment on that, I think a few months ago, in
20 comments on the last version of the RPS Guidebook. I
21 mean, you do have a mission of providing incentives for
22 the development of the renewable industry, it's State
23 policy.

24 And when you can provide some certainty to
25 somebody attempting to develop a facility and thereby

1 allow financing to happen and the facility actually get
2 developed, or get developed at lower cost because
3 financing is more feasible, then you should weigh that.

4 And, yeah, reversals might be an issue. So, I
5 think we suggested that you include in certification
6 more teeth, but also some language that indicates that
7 this is pre-certified only if it doesn't change,
8 perhaps, in the following ways.

9 And so that, you know, the people understand
10 that what you're giving pre-certification to on paper
11 meets the requirements of certification as it's
12 described. And if anything changes that's material,
13 you've perhaps challenged your certification status.
14 And that gives you, I think, the best of both worlds, so
15 I would encourage that policy.

16 The last comment for now -- a couple of final
17 comments and we'll certainly have more. But understand
18 the dilemma that you have in trying to interpret the
19 flow issue from out-of-state biomethane.

20 It's not clear to us, and maybe somebody who's
21 familiar more with the natural gas market would know
22 that we have information exactly about how pipeline
23 flows happen on a minute-to-minute basis or hour-to-hour
24 basis so that you can add up to 50 percent over a year.

25 It's typically not information that is included

1 in the contract; they're based on capacity, not flow.
2 And it's typically information that may be available by
3 a pipeline operator, but they're under no obligation to
4 provide that information. There's no teeth in our
5 contracts or no teeth in this process, I don't -- I'm
6 not sure, to ask for that information.

7 So, it is a dilemma and it is a hard issue to
8 try to understand. We'll think about maybe different
9 ways of doing it that help out. I mean, I fall back on
10 the general concept that 80 percent of gas is -- natural
11 gas is imported. So, the pipelines coming across the
12 border are clearly flowing in this direction.

13 MR. HERRERA: Tim, I think SMUD was one of the
14 parties that actually gave us comments on that question.

15 MR. TUTT: Yeah.

16 MR. HERRERA: Normally flows towards California,
17 right, isn't that what you guys said?

18 MR. TUTT: Yeah. And then a last comment, the
19 detailed reporting information for biomethane, we
20 certainly will have some comments on that. There's many
21 cases where it seems like it might be a little bit of an
22 overreach.

23 For example, requiring a contract that we've
24 signed to designate what facility the gas is going to be
25 used to. That's usually not something that's in our

1 biomethane contract. That's usually something that's in
2 the certification application or internal to SMUD, but
3 not in the biomethane contract. Thank you.

4 MS. ZOCCHETTI: Thank you, Tim.

5 Louie Brown.

6 MR. BROWN: Thank you. My name's Louie Brown
7 with the law offices of Kahn, Soares & Conway,
8 representing the City of Vernon Department of Light and
9 Power.

10 I'll be brief because I believe Tim did a very
11 good job of covering a number of the issues that we had,
12 as well, and we'll be following up with others on
13 written comments.

14 We submitted our documents for precertification
15 prior to the March 29 moratorium. We're now going to be
16 asked, like others, to resubmit those 90 days after this
17 process. In the meantime, we've had gas flowing and we
18 just want to make sure that that gas flowing since that
19 point will still be taken into account with the
20 resubmittal of all the documents as this process moves
21 forward.

22 And so that's one thing we want to ask and get
23 on the record for clarification.

24 And then just emphasize what Tim had said
25 earlier about this idea for certainty.

1 I was one of those in the Capitol working on
2 this bill until the last night of session, and I was one
3 of those that helped stop the bill early on when what it
4 was going to do was undo the business and the
5 transactions that these POUs had entered into according
6 to the rules at the time.

7 That last version of AB 2196 I believe was very
8 clear in the minds of those who voted for it, and the
9 author, was it was to create certainty for the POUs.
10 And in that area of certainty I think it was fairly
11 clear that it was going to be bucket one classification.

12 And so, it seems to me that as you're going
13 through this process at some point you're going to
14 develop criteria to evaluate these applications to
15 determine whether or not they actually achieve bucket
16 one.

17 Couldn't you just put that criteria up front so
18 that people know, as they're entering into these
19 contracts, if I have a contract with a biomethane
20 producer that has certified that they've met, through
21 contract, the criteria laid out by the Energy Commission
22 they'll receive bucket one status.

23 I believe that would get us that step closer to
24 that certainty that the Legislature was seeking for
25 these POUs when they voted, and the Governor signed AB

1 2196. Thank you.

2 MS. ZOCCHETTI: Thank you, Mr. Brown. I would
3 like to just address your question, informally, I guess.
4 In that it is not our intention that the eligibility
5 dates would change if you -- you know, as Mark mentioned
6 this morning, we date stamp when you get the application
7 to us and you're locked into that unless your
8 application is denied or other -- you know, there are
9 other reasons.

10 So, I wouldn't imagine that that would -- I
11 wouldn't worry about that. But thank you for pointing
12 it out, we should probably clarify that. If you have
13 that concern, others probably do as well.

14 On the certainty about the bucket, as you're
15 probably most familiar with 39912.16(a)(1), which is
16 this huge paragraph, it's all one sentence. Whereas in
17 the new contracts it says, you know, the appropriate
18 portfolio content category which, you know, at least you
19 know it's not count-in-full, it's in some category.

20 But we see that the Legislature couldn't do that
21 for the existing ones because they straddle the June
22 date -- I mean, I'm guessing, right, and so it couldn't
23 really say it will be in the appropriate bucket because
24 maybe it isn't in a bucket, maybe it's count-in-full.

25 And so, I think we feel that, and I've heard

1 Sean from the CPUC say this as well, that we have
2 established criteria for the bucket, and they're in the
3 POU regulations and in the CPUC's decision defining the
4 buckets.

5 And we don't intend to use anything else, other
6 than how we've kind of tried to explain the contract
7 dates, where if we can't use a TPA because it's not for
8 a renewable resource, we'll have to turn to the
9 execution date of the biomethane procurement contract.

10 But I mean, other than that, we're not hiding
11 some evil plan to do something other than what's already
12 in SB X 1-2.

13 I mean, we're hearing everyone's concern about
14 certainty, but we do feel like the criteria are laid in
15 the POU regs, and in the CPUC decision, and it's there
16 for everyone to see. And if you meet it, you know, I
17 don't know why you would -- well, I do know why because
18 I was at the Legislature, too. Why you would think
19 otherwise.

20 But now we have a statute to implement and,
21 hopefully -- one of our intentions of the concept paper
22 was to try to reduce the uncertainty surrounding this
23 issue as much as we could, without making a pre-
24 determination.

25 And what we're trying to say is that we will

1 use, you know, the way the criteria are set forth with
2 determining the buckets and I have not heard that these
3 will be treated any differently than a wind facility.

4 So, I know that's not in writing and I probably
5 shouldn't even be saying that, but I really -- there's
6 no -- nothing between the lines here.

7 MR. HERRERA: So, I just want to add, Mr. Brown,
8 too, thank you for the bill the way it came out, model
9 of clarity.

10 (Laughter)

11 MR. HERRERA: I understand, if you were in the
12 room to make sure it got cleaned up, thank you.

13 MS. ZOCCHETTI: Yeah, you might not want to
14 claim responsibility for that.

15 Okay, Tony Andreoni.

16 MR. ANDREONI: Thank you, Kate. I'm Tony
17 Andreoni with CMUA.

18 I actually wasn't planning on saying anything
19 this afternoon at all, I just wanted to sit here and
20 listen to what was being said.

21 But after hearing Chuck, Mr. Boccadoro, many of
22 our members, Bawa, who was here and is not here, Tim,
23 and others, I decided I wanted to come up here and maybe
24 start with a question to you all to make sure I have
25 something clear in my mind, before I give kind of an

1 overarching statement.

2 And I think I've had discussions with Gabe about
3 this before, as well, as you, Kate.

4 But is the overall Guidebook a regulation or is
5 it a guidance document?

6 MR. HERRERA: The overall --

7 MR. ANDREONI: What is -- I heard today it was a
8 regulation. I also heard it was a living document.

9 MR. HERRERA: Well, it is a living document and
10 we do consider it quasi-regulations. The reason we have
11 this truncated process for the adoption of changes is
12 because there's an express exemption from the
13 Administrative Procedures Act in the statute, itself,
14 which allows us to move forward fairly quickly with
15 changes. Certainly, in less time than it takes to make
16 a regulation that is subject to the APA and the Office
17 of Administrative Law's review.

18 MR. ANDREONI: Okay. And -- go ahead.

19 MR. HERRERA: So, yeah, we do refer to them as
20 guidelines, or quasi-regulations.

21 MR. ANDREONI: And the RPS, which we'll be
22 talking about tomorrow, is a regulatory process --

23 MR. HERRERA: It is, right.

24 MR. ANDREONI: -- going through the
25 administrative procedures.

1 MR. HERRERA: In that process we initiated the
2 formal process on March 1, when the Notice of Proposed
3 Action, Regulatory Action was published in the
4 *California Regulatory News Register*.

5 MR. ANDREONI: Right.

6 MR. HERRERA: That's a more formalized process
7 which is why we were trying to be careful about making
8 sure that, you know, comments concerning the regulations
9 are brought up tomorrow, if appropriate. That way
10 there's a record of it and we'll have to respond to them
11 in the Final Statement of Reasons.

12 MR. ANDREONI: Okay, so thank you for clarifying
13 that. Part of my comments -- part of the comments I
14 have today, again, are just overarching comments related
15 to the fact that in developing what you're working on
16 right here is extremely complex.

17 We've heard a lot about what the legislative
18 intent was and I think we still continue to hear that as
19 we have this discussion.

20 To me, what's kind of missing in this process
21 and given the fact that this is a quasi-regulatory
22 effort, is the fact that there's a technical feasibility
23 and some cost impacts that what you're doing here in
24 this document is kind of expanding its ability.

25 And I think what's becoming more troubling is

1 the fact that there's a little bit of time, a finite
2 amount of time to work on this. We started off,
3 obviously, a while ago with the suspension, but between
4 the concept paper that was released we've been able to
5 provide some written comments, but we haven't really had
6 a lot of dialogue on those efforts.

7 We are now in a workshop, today, that deals with
8 the guidance document, but there were no previous
9 workshops or working group meetings on the concept paper
10 to the point where what I'm hearing from not only
11 members today, but others, is that there needs to be
12 additional clarification and some certainty, because
13 there's so much uncertainty in what's all referred to as
14 legislative intent.

15 And to me, as a regulatory agency and coming
16 from my previous experience working in a regulatory
17 agency, and this is a very tough job, is you need to
18 somehow put together the technical feasibility and cost
19 impacts that are going to have on not only our members,
20 but the business that are going to be implementing what
21 you've laid out.

22 And without that in this forum it kind of
23 truncates a big chunk. And I know, just from a cost
24 perspective, if there's uncertainty on what product
25 content category some of these resources are going to

1 end up in, and this even goes back to what the RPS
2 refers to as a zero bucket, it creates cost issues, and
3 the uncertainty associated with not being able to move
4 forward effectively. It has a huge impact on the POUs,
5 outside of the business community.

6 So, I think those issues, and it goes back to
7 the fact that I did ask in my -- this morning for more
8 time to provide comments on this, due to the fact that
9 it's not an easy subject and there's a lot of issues
10 that still need to be resolved.

11 Moving forward to move forward doesn't settle
12 any of the issues that have been raised and I think we
13 do need to spend more time discussing them. Us
14 providing you written comments is probably only part of
15 it.

16 The fact that since this is a quasi-regulatory
17 process, we're not going to get responses from you all
18 like we're going to see in the RPS rule, which will come
19 under the FSOR, the Final Statement of Reasons.

20 So, for us not to be able to see responses to
21 some of the issues that we're raising leaves additional
22 uncertainty moving forward.

23 So, I just wanted to make those general comments
24 and press upon the fact that it is probably to both your
25 advantage, from the regulatory agency, and our advantage

1 to sit down and talk further about this, have additional
2 workgroup meetings or workshops, recognizing I know you
3 all have a very difficult to try to get the guidance
4 document out and moving forward. And we've requested
5 that there be some parallel between the two.

6 But because of the truncated process and because
7 of this not falling under the administrative procedures
8 process there are some steps that are missing, that have
9 a huge impact on our members.

10 MR. HERRERA: And if I can just respond to one
11 point of that. So, part of the cost analysis for the
12 publicly-owned utility and regulations did address RPS
13 eligibility. I think we tried to get at that -- you
14 know, that particular issues of what would be the
15 additional costs for certifying facilities by a POU, if
16 the POU owned the facilities, for example.

17 Right now there are no costs to submit an
18 application, but there could be some costs in terms of
19 monitoring and whatnot.

20 And I'm not sure if when the POUs responded to
21 our inquiry for information on cost if they fully
22 thought about that. And, perhaps, they could not have
23 because they didn't have the benefit of the guidelines,
24 you know, the proposed guideline changes.

25 So, you know, maybe that's something you can

1 bring up tomorrow, Tony. And I'm sure you plan on
2 attending the workshop tomorrow.

3 MR. ANDREONI: Yeah.

4 MR. HERRERA: But if our additional reporting,
5 you know, for RPS eligibility certification causes the
6 POU's to incur more expenses, then that should probably
7 be addressed in the concept of the POU regs.

8 MR. ANDREONI: Well, I certainly think that
9 could be a possibility.

10 MR. HERRERA: Right.

11 MR. ANDREONI: Obviously, off of the top of my
12 head, I'm not sure what that amounts to.

13 I think it goes back to the original discussion
14 of the RPS, as many of our members were queried about
15 the cost, and only focused on the administrative burden.

16 And, quite frankly, when you look at the
17 administrative burden of some of the smaller and medium,
18 it's much higher in magnitude than when you look at some
19 of the larger facilities. So, it may be out of
20 proportion, but we all seem to be treated the same under
21 that scenario.

22 I think the fact is you're taking the
23 legislation, SB X 1-2 and, in this case AB 2196, as a
24 regulatory agency if something isn't making sense and
25 there's holes in the legislation, and we all know

1 there's holes given the timeframe of, you know, where
2 things were going at the time, from a State Agency
3 perspective. There are other cost impacts to using
4 account-in-full and calling it bucket zero, and the
5 timing of when those come into play that aren't
6 necessarily part of your cost evaluation that we're
7 going to be discussing tomorrow.

8 But in this case, under these scenarios you're
9 talking about today, and how biomethane and the
10 facilities, and the product content category is going to
11 be treated, there is a direct cost impact.

12 And that has an interaction with the RPS rule.
13 And in my mind, these two probably need to be just about
14 combined with each other given the fact that you have
15 two different paths on how these are going to be handled
16 in the future.

17 I don't want to take any more of your time on
18 that, thank you.

19 MS. ZOCCHETTI: Thank you, Tony.

20 David Cox.

21 MR. COX: Thank you, Christine. Thank you,
22 Kate. Thank you, guys.

23 David Cox on behalf of the Coalition for
24 Renewable Natural Gas.

25 And, actually, while we have this slide up, 60

1 here, a quick request. And I see that applications are
2 going to be submitted on new forms and that those are
3 going to be due back to you within 90 days. Is there
4 any way that once, just from a practical standpoint, you
5 finish up those applications that's something that we
6 could have in draft form?

7 Not to provide comments, but it's going to take
8 our members some time to process and put those
9 applications together. I know I certainly have some
10 members that would love to be able to get those
11 applications to you on day one, if at all possible.

12 So, I appreciate you considering that request
13 there.

14 And, Kate, thank you for your comments
15 specifically with regard to the buckets. We'd love to
16 associate ourselves with Mr. Tutt's comments and we
17 would love to see that determination by you in advance,
18 but I certainly appreciate your answer on that so, thank
19 you.

20 And then the question that I have actually gets
21 back to the question that the gentleman from Pasadena
22 asked, and it's really a question of and versus or. And
23 we talked about why we can't necessarily rely on these
24 slides, so I've gone to the language, the strike-through
25 version on page 31, and there's subsection B.4.

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1 And you've made two word changes in that section
2 that I was just hoping maybe you can provide
3 clarification to us on why they were changed.

4 One is the change from original to existing
5 biomethane contract and the other is a change from or to
6 and. And again, that's page 31.B.4.

7 MS. CRUME: For the original versus existing,
8 some of the contracts that were original may have been
9 executed before the deadline, but were amended, so we
10 changed it to existing because we wanted to gather those
11 amended while it was still before the March 29th, 2012
12 cutoff.

13 MR. COX: Okay. And then as far as the change
14 in the word and to or, and I know that seems
15 insignificant, but as I read it, it could potentially be
16 a big a deal in this circumstance.

17 And for context, for those of you who don't have
18 the paper, it says, "Any procurement of biomethane
19 sources that were not identified in the existing
20 biomethane contract as originally executed," and here's
21 where the and/or change comes in, "and reported to the
22 Energy Commission before March 29th, 2012 or the RPS
23 certification application submitted to the Energy
24 Commission before March 29th."

25 Essentially, what we're talking about and this

1 is where the gentleman from Pasadena had raised that
2 question, is 399-12-6 calls for the reporting of the
3 procurement of biomethane, not necessarily the source of
4 biomethane.

5 And so, we'd like to kind of get a sense of what
6 happens when the procurement of biomethane was reported,
7 but the source is missing, and what is -- you mentioned
8 you would want to do due diligence to make sure that
9 additional sources hadn't been added, but what does that
10 look like? Is that something that's done in the
11 application process? Is that something that's done
12 informally after the application?

13 MS. ZOCCHETTI: It is in the application process
14 and that's by virtue of having every source attest to
15 certain things, and so we know that they're identified
16 by having them be identified and signing the
17 attestation. And that is in the application.

18 So, yeah, your pointing to -- if, for everyone,
19 if I could read the statute that you're referring to,
20 David. A.1 says, "Any procurement of biomethane
21 delivered through a common carrier pipeline under a
22 contract executed by a retail seller or POU and reported
23 to the Energy Commission prior to March," blah, blah,
24 blah.

25 So, as with conjunctions, it's always tricky,

1 like what do they refer to, right? But does it refer to
2 the word procurement? Does it refer to the word
3 contract? And what does that mean, even, you know, if
4 we knew that?

5 But I think the idea is we need to know what the
6 sources are and the quantities in some way.

7 MR. COX: You need to know what the source is,
8 right.

9 MS. ZOCCHETTI: Either in the contract, reported
10 to us --

11 MR. COX: And so if it was in the contract, the
12 contract was reported to you, but you don't necessarily
13 have the source information. There's an opportunity
14 coming to cure that lack of information?

15 MS. ZOCCHETTI: I see where you're going. I see
16 where you're going, that's a good question.

17 MR. COX: Is there an answer?

18 MS. ZOCCHETTI: There's always one more question
19 that we hadn't thought of?

20 I don't -- I think we'll have to discuss it.

21 MR. COX: Okay.

22 MS. ZOCCHETTI: So, thank you for raising it.

23 MR. COX: All right, thank you so much.

24 MR. HERRERA: But I think it is important to
25 know that we need to have that information. I'm not

1 sure how we go about getting it if it wasn't in the
2 contract, and it wasn't in the application for
3 certification, or precertification. Is that the
4 situation?

5 Because when you look at the language in 2.A,
6 then when it talks about, you know, additional
7 quantities of biomethane that are going to be subject to
8 the more rigorous requirements in subdivision B, it does
9 talk about any changes in the source or sources of
10 biomethane identified in the original contract or the
11 original application for certification.

12 So, I think we're going to be looking at is the
13 source in the contract --

14 MR. COX: Right.

15 MR. HERRERA: -- or is it in the application?

16 MR. COX: And to the extent you're going to be
17 dealing with both of those situations and more.
18 Sometimes you're going to have --

19 MR. HERRERA: Oh, right.

20 MR. COX: -- the source in the contract,
21 sometimes that source was in the contract, but not
22 necessarily reported to you prior to that. And it's
23 just something that, you know, it's worth looking at and
24 trying to get a better sense of, and something we would
25 certainly appreciate talking with you about.

1 MS. ZOCCHETTI: Sure.

2 MR. COX: Thank you.

3 MS. ZOCCHETTI: Thank you.

4 If folks here in the room don't mind, we've had
5 a request from a WebEx participant that has to leave, if
6 we could take her comments before Chad Adair. So, I
7 guess I only have Chad Adair. Is that all right with
8 you, Chad?

9 All right thank you.

10 Marcie Milner with Shell.

11 MS. MILNER: Thank you, Kate.

12 MS. ZOCCHETTI: You're welcome.

13 MS. MILNER: Thank you, Chad, we appreciate it.

14 MS. ZOCCHETTI: Thanks to Chad.

15 MS. MILNER: Marcy Milner with Shell Energy.

16 And, first of all, I definitely appreciate the
17 challenges that you all have had with attempting to
18 implement AB 2196.

19 So, I just wanted to point out a couple of areas
20 where we believe that it's inconsistent with -- your
21 draft is inconsistent with the statute.

22 MS. ZOCCHETTI: Okay.

23 MS. MILNER: So, the first, and I believe we
24 included this in comments to the concept paper, as well,
25 is in the definition of common carrier pipelines.

1 AB 2196 had a companion bill, AB 1900, where a
2 common carrier pipeline was defined. And it says, you
3 know, "A common carrier pipeline means a gas conveyance
4 pipeline located in California that is owned or operated
5 by a utility or gas corporation, excluding a dedicated
6 pipeline."

7 And I think that's important because, you know,
8 eliminating that in -- "located in California" phrase
9 really broadens the interpretation of the regulation and
10 then winds up imposing it on out-of-state generation
11 facilities and facilities that are served directly by
12 interstate pipelines.

13 I wanted to echo, you know, Tim Tutt's concerns
14 about the ability to change the biomethane contracts
15 from one RPS-certified facility to another. It appears
16 to me that, you know, AB 2196 is pretty clear in, you
17 know, under what circumstances the grandfathered
18 contract would have to reapply. For example, you know,
19 increasing the supply.

20 So, I think both that provision and then another
21 provision on page 30, which indicates that you also
22 can't change the transportation path without refilling
23 and becoming subject to the new requirements, those also
24 were not included in AB 2196, and so I think those need
25 to be taken out.

1 You know, there are some circumstances where
2 supplies under those grandfathered contracts may have to
3 change the transportation path due to pipeline flow
4 changes and so that, you know, that's punitive to those
5 grandfathered contracts.

6 MS. ZOCCHETTI: Marcy -- oh, I'm sorry, did you
7 have more, Marcie?

8 MS. MILNER: Go ahead.

9 MS. ZOCCHETTI: Oh, I was just going to say it
10 wasn't our intention. It was, actually, our intention
11 to add more flexibility to the delivery of the existing
12 contracts. If they change their delivery path, you
13 know, we heard your comments that changes happen, you
14 know, fairly frequently and that you didn't want to
15 amend your contract -- or, I'm sorry, amend your
16 certification each time, perhaps, you know, monthly or
17 even more frequently.

18 And it was our intention to address that. So,
19 if our wording isn't clear here or if something didn't
20 get deleted that should have been, that was not our
21 intention.

22 MS. MILNER: Oh, good. Okay, so, we'll provide
23 that in our written comments as well.

24 MS. ZOCCHETTI: Thank you.

25 MS. MILNER: And then, just briefly, I'll

1 reiterate what I think some of the concerns that have
2 already been vocalized, specifically with respect to the
3 PCC determination. I agree with Tim that there should
4 be some way to, you know, determine that in a more
5 timely fashion.

6 And I say that because at least in my view most
7 of the contracts that were entered into were entered
8 into with the end use customer that has the intent of
9 utilizing those as PCC 1.

10 And so, you know, maybe there is a way for us to
11 brainstorm on how that information can be provided to
12 you to expedite that process.

13 And then, also, another comment on refilling the
14 applications that the -- you know, the statute states
15 that those grandfathered contracts qualify under the
16 Guidebook as it existed when those contracts were
17 signed.

18 And I did hear your comments and Gabe's comments
19 on that. And I just think that if you are going to
20 require those grandfathered contracts to refile, or the
21 facilities to refile then there needs to be some
22 specificity around the Guidebook that they were under
23 and, you know, how that preempts anything in Guidebook 7
24 that may conflict with that.

25 MS. ZOCCHETTI: Yeah, you know, the statute kind

1 of puts a conundrum there because they do say eligible
2 under the rules at the time, but then they add more
3 eligibility rules. I mean rules that appear to be
4 eligibility, such as transferring the attributes, that
5 apply to everybody.

6 So, you know, we're doing our best to kind of
7 make sense of that.

8 MS. MILNER: Right. That's right. And so,
9 again, maybe we can brainstorm on how, you know, in the
10 re-filing process that there's a way to point to the
11 rulebook that applied to it at the time, and then the
12 additional requirements that, you know, don't conflict
13 with those guidebooks, like the emissions reductions, et
14 cetera.

15 MS. ZOCCHETTI: Right. And just as a reminder
16 to everybody, though, that kind of language regarding
17 the grandfathering is limited to the pipeline folks and
18 not the on-site or dedicated pipeline.

19 MS. MILNER: Right, I appreciate that.

20 MS. ZOCCHETTI: Which makes it even more
21 complex, I suppose.

22 MS. MILNER: Right. That's right. And I
23 believe that that was -- yeah, that those were my only
24 comments. So, thank you again for all of your efforts,
25 I appreciate it.

1 MS. ZOCCHETTI: Thank you, Marcie.

2 MR. HERRERA: So, Marcie, this is Gabe. Can I
3 ask you a quick question?

4 MS. MILNER: Yeah, sure.

5 MR. HERRERA: A quick follow-up question because
6 I read your comments and I was a little bit confused by
7 part of them, the definition of the common carrier
8 pipeline. I guess, when I read through your comments, I
9 thought you were saying that it -- my read is that the
10 statute would not cover interstate pipelines, which is
11 not my understanding of the intent of the statute.

12 You know, the statute was to try to limit
13 sources of biomethane for RPS eligibility that can't be
14 demonstrated that result in some sort of environmental
15 for California consistent with the RPS statute.

16 So, I just want to get clarification. That's
17 not what Shell was saying, right, with respect to new
18 biomethane sources, new biomethane contracts executed on
19 or after March 29th, 2012?

20 MS. MILNER: Right, right.

21 MR. HERRERA: Okay.

22 MS. MILNER: No, we completely understand that
23 that was the intent of AB 2196 --

24 MR. HERRERA: Okay.

25 MS. MILNER: -- was to -- you know, was to

1 target those out-of-state supplies. I just think that,
2 you know, given that AB 1900 was the companion bill and
3 they did define common carrier pipeline that it would
4 make sense to adopt that here.

5 MR. HERRERA: Thanks.

6 MS. MILNER: Sure. Thank you very much. And
7 thanks for letting me go ahead of you, Chad.

8 MS. ZOCCHETTI: He's smiling. I think he's
9 saying you're welcome.

10 So, Chad, you're up next.

11 MR. ADAIR: Thank you, Kate. Again, my name's
12 Chad Adair, with SMUD. And I had a clarifying question
13 that Marcie touched on, so I believe we got the answer.

14 But just to reiterate, on slide 56 you talk
15 about the adjustments to existing contracts that are
16 subject to requirements that would subject existing
17 contracts to requirements for new biomethane procurement
18 contracts, and you go through those lists of
19 adjustments.

20 But then in page 30 of the draft Guidebook,
21 where it talks about Section A, it talks about the
22 common carrier pipeline delivery requirements for
23 existing biomethane procurement contracts, it says in
24 there that, "And that any revisions to the delivery path
25 for the gas comply with the Guidebook in place at the

1 time the revision occurs."

2 And so that's the language that I'm identifying
3 that is of significant concern, that if we're not
4 allowed to change the delivery path for these existing
5 contracts and it subjects them to the new requirements
6 for new contracts that's going to be a major concern for
7 existing biomethane contracts because the delivery path
8 will change over a 20-, 25-year contract.

9 So, we just need that clarified so that we have
10 the flexibility to change delivery paths over time.

11 MS. ZOCCHETTI: Yeah, and maybe Christina can
12 speak to the intention there. It sounds like we need to
13 modify this language.

14 MS. CRUME: There's kind of two parts for this.
15 For the certification side, so when you're applying for
16 a facility, we're going to ask for a general idea of the
17 delivery path. And, generally, the two concrete pieces
18 we're looking for are where the gas will be injected at
19 the landfill or digester source and then where it will
20 be pulled out for the electrical generation facility.

21 If it, you know, changes somehow along the way,
22 as long as it's still, you know, part of the path that
23 is acceptable, it's okay. We're not looking for
24 concrete pipelines that you will always use.

25 All of the pipeline paths that you use we will

1 ask for in the verification side of things, and that's
2 just so that way we can confirm the amounts, and the
3 quantities, and where they were put in and pulled out,
4 and make sure that the gas flow and amounts are
5 consistent with the invoices.

6 Does that make sense?

7 MR. ADAIR: Yeah, I think so.

8 MS. CRUME: Okay.

9 MR. ADAIR: Because the situation I'm referring
10 to the source is not going to change, the electric
11 generating facility won't change, but the pipelines in
12 between will probably, most definitely change over the
13 course of the contract.

14 And, you know, when it's time for verification
15 we can provide all of the pipeline reports required for
16 whatever delivered it and show it going from source to
17 the burner tip, but we just need to make sure that we
18 can have flexibility in between.

19 MS. CRUME: Right, and that's why it says, "That
20 you may submit a complete delivery path, but it's not
21 required until the verification side of things."

22 MR. ADAIR: Thank you.

23 MS. ZOCCHETTI: Thank you, Chad. And it occurs
24 to me I neglected to introduce another staff member,
25 James Hale, who's sitting next to Gina. And he is the

1 guy that's looking at all of these things that you're
2 sending to verify the pipelines and everything. So, I
3 apologize I didn't introduce him sooner.

4 So, Chuck, I have a card sort of sitting over
5 here, did you have another comment?

6 MS. ZOCCHETTI: Okay, I didn't want -- I wasn't
7 sure if I just forgot to put it away. So, Chuck White,
8 please.

9 MR. WHITE: Chuck White, again, with Waste
10 Management.

11 I guess a couple of additional comments, in
12 large part because of listening to others, what they've
13 said.

14 MS. ZOCCHETTI: Sure.

15 MR. WHITE: And one has to do with a light bulb,
16 I guess, that went on in my mind, that I never really
17 thought of before. I was always thinking that these
18 were talking about common carrier pipeline projects and
19 that was the primary thrust, and then this new provision
20 related to have to resubmit all re-certifications,
21 again.

22 And I'm thinking how does that apply to our
23 existing landfill gas to electricity projects? We've
24 got five, I think, or so in California that are
25 generating anywhere from between 5 to 10 megawatts each,

1 and we have power purchase agreements either with
2 Southern California Edison, or PG&E, and maybe one of
3 the other -- are we going to have to recertify these,
4 too, under this? And why? What's -- nothing's really
5 changed.

6 MS. ZOCCHETTI: Right.

7 MR. WHITE: And I guess if that's -- you're
8 nodding yes, that we need to recertify, we'd strongly
9 urge you to reconsider that do we really need to go back
10 on these non-common carrier pipeline projects that
11 were -- that have been delivering renewable energy for
12 many years, and they're probably not eligible for PCC,
13 they're all probably -- well, not maybe all, but most of
14 them are probably a count-in-full under the old rules.

15 I just don't -- it just seems like it's a lot of
16 work and effort for no real return, unless I'm missing
17 something there.

18 So, it just seems to me you might want to try to
19 focus only on those that are actually delivering it to a
20 common carrier pipeline, which I think is really what
21 led to this whole thing being of concern, the out-of-
22 state delivery of gas into California, and not try to
23 draw all those others in.

24 And there must be a way we can kind of put a
25 bright line there somehow, and I would encourage you to

1 think about it, and we'll think about it as well before
2 we submit comments next week, or early the week
3 following.

4 And then I was just also wondering about this
5 whole environmental attributes thing that I'm raising
6 with a little bit of trepidation because I'm not sure
7 exactly what we're talking about.

8 I think we met previously, and my recollection
9 is that we agreed that methane destruction attributes
10 were not part of what you're considering and I want to
11 make sure that's right because and -- because when you
12 use the term, the broad term "environmental attributes"
13 it's sometimes not clear that you're not talking about
14 methane destruction attributes.

15 And an example is if I want to put a food waste
16 digester in and there is a protocol adopted by the ARB
17 that would allow us to get methane destruction credits
18 from that, we would want to sell those separately, but
19 we still might want to put that methane into the
20 pipeline and deliver it to an RPS-eligible facility for
21 purposes of generating electricity, and you're not
22 talking about those kinds of methane destruction.

23 So, maybe you might want to, somewhere in the
24 document, make sure that's clear that you're not
25 referring to methane destruction protocols in any way,

1 shape or form.

2 There may be other projects, actually, from out-
3 of-state even that are delivering landfill gas into
4 California, and maybe had done early action in
5 controlling landfill gas in such a way that they can
6 generate methane destruction credits under the voluntary
7 system that exists in the United States to do that.

8 So, it would just be helpful, I think, to make
9 sure that we're not confused on what environmental
10 attributes are, and a little asterisk to that effect
11 would probably be helpful.

12 MS. ZOCCHETTI: Sure, we can do that. The
13 statute does use the phrase "renewable environmental
14 attributes."

15 But I was mentioning earlier that on this slide
16 59 I erred on the fourth bullet down. It should not say
17 "all" for one thing.

18 MR. WHITE: Yeah.

19 MS. ZOCCHETTI: And it should -- maybe I should
20 have added the net zero emissions piece of that to make
21 it more clear.

22 MR. WHITE: Yeah, I think you talked -- but I
23 just wanted to make sure we were on the same page and I
24 think we were.

25 MS. ZOCCHETTI: Yeah.

1 MR. WHITE: I just wanted to bring up the
2 specifics of the methane destruction because it doesn't
3 seem to be mentioned anywhere specifically, and that
4 will be of concern if we don't all have access to be
5 able to monetize those separately, if we're eligible for
6 them.

7 MS. ZOCCHETTI: Oh, it's definitely mentioned
8 quite a bit separately.

9 MR. WHITE: Oh, okay.

10 MS. ZOCCHETTI: Yeah.

11 MR. WHITE: Well, I'm still digesting this.

12 MS. ZOCCHETTI: Sure, I think it's towards the
13 end.

14 MR. WHITE: Okay, thank you.

15 MS. ZOCCHETTI: Yes, thank you.

16 MS. CRUME: For your reference, it's on page 37.

17 MR. WHITE: Page 37, okay, good.

18 MS. CRUME: On the strikeout.

19 MR. WHITE: Good.

20 MS. ZOCCHETTI: Are there any more comments from
21 participants here, at the Energy Commission, before we
22 go to WebEx?

23 Okay, I have one WebEx participant, Rachel Gold.

24 MS. GOLD: Yes, hi, thanks for a very
25 informative afternoon. This is Rachel Gold from the

1 Large Cell Solar Association.

2 I just had one question. I was wondering if you
3 could walk through, a little bit, how the Commissions
4 plans to verify and look at the demonstration of direct
5 benefits? That piece has been a little bit unclear to
6 me, so I'd appreciate a description of where you are on
7 that.

8 MS. ZOCCHETTI: Sure. Well, that is kind of a
9 work in progress, but we did our best to -- we worked
10 with quite a few other State agencies in trying to
11 develop criteria by which those criteria, if you'll
12 pardon the use of the word twice, could be demonstrated
13 to the Energy Commission.

14 The direct result has to be from the capture of
15 the biomethane and injecting it into the pipeline, and
16 it has to accrue to California.

17 It was our understanding that, you know, certain
18 technologies might want to demonstrate -- of course,
19 only one of those had to be demonstrated. They may
20 choose one or another, depending on what the technology
21 is.

22 And in meeting with the other State agencies we
23 learned a lot more about how a lot of the direct benefit
24 has already been quite thoroughly established in the
25 literature when comparing more than one activity

1 regarding biomethane, or methane in general.

2 And that, you know, to try to reduce the burden
3 on applicants and on the Energy Commission for plowing
4 through documents mostly we wanted to reduce them having
5 to go out and do direct measurements if there's already
6 adequate, and peer reviewed, and to the Energy
7 Commission's satisfaction literature that makes that
8 connection, that direct connection.

9 So, we tried to kind of lay that language out
10 for all three of the criteria, the air emissions, the
11 water impacts and odor mitigation.

12 The odor one is probably more done at the local
13 level because nuisance is a local benefit, a local thing
14 that is done at the local level.

15 So, you know, we are open to making that more
16 clear as we move on, but we wanted to have something in
17 place so that we can establish these guidelines and move
18 forward, knowing that those are for the new contracts
19 and that those, you know, have yet to come before us.

20 And, hopefully, there's time, as more
21 stakeholders become involved and interested in helping
22 us develop criteria. If they don't feel that these are
23 going to fit the bill, we're happy to hear more ideas
24 about how the direct relationship can be demonstrated to
25 us.

1 And as was mentioned earlier, this is a living
2 document that is revised very frequently in recent
3 years. But, you know, usually every year or two. So,
4 if we don't revise what's in here right now before the
5 final draft, we look forward to working with folks on
6 any clarifications in a future Guidebook.

7 MS. GOLD: Thank you for that, Kate. We're
8 going to follow up with some written comments.

9 MS. ZOCCHETTI: Appreciate that, thank you.
10 Are there any other WebEx commenters? No, okay.
11 If you wouldn't mind opening the lines and we'll
12 see if anyone is still with us at 4:15.

13 So, we have unmuted the phone lines. If you
14 folks would mute your individual phones, and then anyone
15 wishing to speak --

16 MR. PEARSON: Hi, this is Peter Pearson and I'm
17 with Bear Valley Electric Service.

18 MS. ZOCCHETTI: Hello.

19 MR. PEARSON: And I'm calling to see if there
20 would be an interest from the -- to attend our annual
21 Earth Day event that will be held this year on April
22 19th, next Friday, on the 19th. We really enjoyed
23 having Citizen's Patrol last year four our 2012 Earth
24 Day and would love to have you guys back.

25 Can you please give me a call, at your earliest

1 convenience, to discuss or confirm if you're going to
2 show up and I can give you details. Again, my name is
3 Peter, I'm with Bear Valley Electric.

4 MS. ZOCCHETTI: Okay, so now you all know where
5 to spend Earth Day.

6 (Laughter)

7 MS. ZOCCHETTI: Are there any other callers on
8 the line that wish to make a comment regarding
9 Renewables Portfolio Standard?

10 Okay, hearing none, all right. Well, I really
11 want to thank everyone. It's been a long day and I know
12 that you've put a lot of thought and plowed through the
13 underline strikeout.

14 I've heard a couple of requests for a clean
15 copy. We will look into providing that.

16 I want to remind everyone that we have changed
17 the comment period due date to the 24th. We will post
18 that on our website for those who -- the 25th. I'm
19 sorry, I didn't mean to rob a day from you, sorry.

20 And so with that, again, I really appreciate
21 everyone's participation and thank you, and safe
22 travels.

23 (Thereupon, the Workshop was adjourned at
24 4:20 p.m.)

25 --oOo--